DOMINION OF CANADA

HOUSE OF COMMONS DEBATES

OFFICIAL REPORT

FIRST SESSION—TWENTY-SECOND PARLIAMENT

2-3 ELIZABETH II

BEING THE 96TH SESSION FOR THE PERIOD 1867-1954

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COMPRISING THE PERIOD FROM THE TWENTY-FIFTH DAY OF MARCH, 1954,
TO THE SIXTH DAY OF MAY, 1954, INCLUSIVE

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EDMOND CLOUTIER, C.M.G., O.A., D.S.P.
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OTTAWA, 1954

HOUSE OF COMMONS

Thursday, March 25, 1954

HOUSE OF COMMONS

EXPLANATION OF CHANGE IN AMPLIFYING SYSTEM

Mr. Speaker: I think I owe the house an explanation as to why there is on the floor of the house at this moment what is called in technical terms a roving microphone. It is merely a duplication of the microphone which is suspended in front of the minister and through which he would speak if the floor microphone was not placed in front of his desk. This is merely an experiment for today.

Hon. members have complained about the insufficiency of the amplifying system. On March 12 the hon. member for Burnaby-Richmond (Mr. Goode) asked that something be done about it, and I promised him, and the hon. member for Ottawa East (Mr. Richard) and others who privately have made requests that I look into the matter, that I would do so. On Monday last Mr. Guy Fountain, the president of the Tannoy group of companies, was in Canada. I had a conversation with him and he sent me an explanation of what the system means. I think there are some misapprehensions as to what this system really is. Perhaps hon. members think too much of this system as a loudspeaker system; that it amplifies the voice, the moment the speaker utters words, to every part of the house including the territory surrounding him; but that is not so.

Around the speaker there is what is called a muted zone. A few members sitting around the Secretary of State for External Affairs (Mr. Pearson), for instance, would hear nothing else but the natural voice of the minister. We had an instance of that the other day when the hon. member for Bellechasse (Mr. Picard) pointed out to me that he could not hear anything while the Prime Minister (Mr. St. Laurent) was speaking. If hon. members will look at the chart —and I have asked the Tannoy company to prepare a printed chart so that we can circulate it among hon. members in order to inform them—they will see exactly what their position is.

When the Prime Minister speaks through the second microphone to my right his words are carried to all hon. members except to those sitting around him, and the hon. member for Bellechasse, being in that muted zone, would not hear anything through the loudspeaker placed on his desk; whereas the voice of the Prime Minister would be carried through the amplifying system to the distant corners of the house.

With the permission of the house, I should like to read the prepared statement of Mr. Fountain. I quote:

> The Tannoy installation provided to improve acoustics and enable free debating to be enjoyed with greater clarity and audibility comprises several important features and performs certain extremely useful, but limited, functions.
>
> Unlike most "microphone systems" where the person using the microphone is on a rostrum, stage, or in a strategic visual position, and where only one microphone point exists with an array of loudspeakers operated from this microphone, the facilities in the House of Commons are designed to enable any member of the house to get up spontaneously and from his own desk address the whole house and be heard by all members in the house, regardless of where he is normally located and whether or not he is addressing his remarks in any particular direction. This versatility is achieved only by permitting certain restrictions, and calls for the constant operation of a control panel by a skilled engineer and his standby.
>
> The devices which hang down on wires from the ceiling are the microphones, and the small cylindrical features on the members' desks and behind the seats in the galleries are the reproducers. They can scarcely be called "loudspeakers", since they are not intended to make a person's voice appear to be louder than it is.
>
> The microphones are devices which, whilst they can discriminate, within a controlled zone, in the amount of sound they pick up from any given direction,—in other words, they can pick up in a forward direction, but not necessarily in a rearward direction—they cannot, at any time and under normal circumstances, discriminate in the type of noise or sound to which they are sensitive. That is to say, if they hear a person speaking, they will also hear the noise of a dropping book or rustling paper, or any other extraneous noise, and these noises will be amplified proportionately with the person's voice. They will also pick up, in addition to the orator's voice and local extraneous noises, reproduction from any loudspeaker sufficiently loud in the vicinity of the microphone. It is for this latter reason that the whole of the system was divided up into zones, which are individually and electronically controlled by the operator in the following manner:
>
> When a member of the house rises to his feet, the suspended microphone nearest to him is made "live" and sensitive, and simultaneously the remaining microphones are reduced in sensitivity. In addition to this, the small speakers on the desks in the immediate vicinity of the orator are muted, and are not permitted to radiate any amplified speech. The reason for this is twofold: Firstly, if they are left switched on, their output could easily be sufficient to operate the microphone as well as the

House of Commons—Amplifying System

orator's own voice, which would result in a "howl"; and secondly, there should be no need for other members with normal hearing, sitting in the immediate vicinity of the orator, to require any reinforcement since they would, under normal circumstances, hear him direct without difficulty.

It will be seen, therefore, by such switching, the sensitivity of the microphone in use can be increased to enable the orator's voice to be suitably amplified for the energizing of the remainder of the remote speakers.

When a member who has been speaking concludes his speech and sits down and another member in another part of the house gets up, the Tannoy operator follows the movement visually, and by an ingenious but complex switching arrangement, the operator merely depresses a small switch controlling the zone in which the new member is speaking, and this switch has the effect of unlatching all the previous connections electronically, and setting up a precisely similar set of operating conditions in the new zone.

It will be seen, therefore, that much depends not only on the desirability of a member to speak up and speak so far as possible towards his nearest microphone, but in order to enable the engineer/operator to switch in the appropriate microphone in the member's zone as quickly as possible, he should see him rise to his feet, preferably pausing for a moment before speaking. Such a procedure gives the engineer/operator more time (a) to identify the member and his zone, and (b) to do the necessary switching (which is almost instantaneous) which will ensure that the microphone in that particular member's zone is made live, and the necessary muting completed. It will be seen that if a member who intends to speak commences his statement whilst he is actually rising from his seat, it is quite conceivable that the operator will not have seen him start to rise, nor be aware of his intention, until the member may have actually spoken two or three words.

A plan of the house is being produced upon which will be delineated the areas and zones which have their individual microphones and control systems. This should enable members to determine for themselves, by simple observation, not only which is the nearest microphone in their zone and to which they should address their remarks as often as possible, but it will indicate whether or not the speakers provided on their desks are operating or whether they are muted when a given microphone is selected.

The engineers will be very happy indeed, at any time, not only to explain to the members or those interested how the system works, but to give advice which would enable both the intelligibility and efficiency of the system to be improved.

As soon as these charts are available, one of which I have before me, copies will be distributed to hon. members. It was discovered that facilities exist underneath the table for the installation of a roving microphone, such as the Tannoy company have installed in the House of Commons of the United Kingdom. When the president of the company informed me of that I suggested that, perhaps, if they had the equipment we might see what would happen if it were used in connection with speeches of hon. members seated in front rows on both sides of the house. The microphone which is now in front of the minister is merely, as I said, a duplication of the suspended microphone, which is now dead. The minister will be speaking through the floor microphone in front of him, and we will see what happens.

[Mr. Speaker.]

Mr. T. H. Goode (Burnaby-Richmond): Mr. Speaker, on a question of privilege. I was the one Your Honour named as having complained regarding the facilities. I was of the opinion that the system was not working as completely as it was thought it would when it was first installed, and that is why I raised my voice to make a complaint. However, I am sure Your Honour has the matter under consideration; and we will see what happens.

Mr. Winch: Speak up; that is all that is wrong.

Mr. Goode: No, it is not a matter of speaking up.

INQUIRY AS TO BROADCASTING OF DEBATES

On the orders of the day:

Mr. G. H. Castleden (Yorkton): I should like to direct a question to the Minister of Citizenship and Immigration as the minister in charge of house procedure. Will the matter of having these house microphones connected to the C.B.C. be considered—

Some hon. Members: No.

Mr. Castleden: —so that such debates as we are going to hear today may be broadcast to all the people of Canada?

Some hon. Members: No.

Hon. W. E. Harris (Minister of Citizenship and Immigration): Mr. Speaker, I think my hon. friend's question was answered by the reaction of hon. members. In any event, the method of dealing with debates here comes peculiarly under the supervision of Mr. Speaker, in this particular instance aided by the Minister of Public Works (Mr. Winters).

COMMUNICATIONS

SALE OF BRITISH COLUMBIA TELEPHONE AND TELEGRAPH SYSTEM—PROVISION FOR EMPLOYEES

Hon. Lionel Chevrier (Minister of Transport): Mr. Speaker, yesterday when the discussion took place concerning the transfer of the government telephone and telegraph services in British Columbia to the British Columbia Telephone Company and the Canadian National Telegraphs I was able to deal with the effective date of the transfer, together with certain of the conditions under which employees of the government would be

treated, in so far as the sale to the British Columbia Telephone Company was concerned.

However, with reference to the transfer to Canadian National Telegraphs I was unable to give any information to the house, because the departmental officers were in Montreal discussing the arrangements. These have now been completed and, in my opinion, they are as satisfactory as they were with the British Columbia Telephone Company. For that reason I am sure the house will be interested in knowing what are the terms of the transfer.

The plans of the Canadian National Telegraph Company for operation of the services which it is taking over, in conjunction with their present operations, would allow them to conduct the full operations with substantially fewer personnel. However, in an effort to be fair to federal employees, the C.N.T. has undertaken to provide employment to all present employees who have three years' service with the federal government and who have not reached the age of 65. In the case of those who have less than three years' service but who have not yet reached 65, the company is hoping to find alternative employment inside or outside the company.

Out of a total of over 60 individuals, five have reached the age of 65 and another 17 have less than three years' service. Those who cannot be absorbed will receive a month's notice as of April 1 and that includes mainly operators, messengers and clerks. I understand a few of these have been found, or will be found, other work, in some cases with the company. The situation is changing from day to day as further cases are solved.

Normal business adjustments and re-arrangements may, in due course, involve further staff changes, particularly as service duplications are eliminated, but this is a longer term prospect and employees taken over will receive, in any case, equality of treatment with other employees, subject to the normal obligations of the company.

In the matter of wages, at two of the points where services are taken over C.N.T. union agreements will apply and employees will receive the standard negotiated wage rates applicable to C.N.T. employees. At other points the C.N.T. will continue the basic rate of pay presently in existence for federal employees.

In the matter of pensions, any employees taken over who have earned federal superannuation will, of course, retain this payable on reaching retirement age. In addition the C.N.T. pension plans will be made available to federal employees taken over, with the amount of the C.N.T. pension earned based on service with the C.N.T. subsequent to transfer. In addition, since there are eligibility conditions for the C.N.T. pension plan based on periods of service, as a special concession to federal employees continuous service with the government telegraph service will be counted as C.N. service to establish eligibility.

As far as seniority rights are concerned, at the points covered by union agreement, namely Quesnel and Williams Lake, federal staff taken over will be secured against displacement so long as they remain in those positions. Since seniority is only involved at those points covered by wage agreements, it is not a relevant consideration at the other points where services are taken over. At such other points personnel will receive the rights and privileges applied to comparable positions and services throughout the C.N. system.

PRIVATE BILLS

FIRST READINGS—SENATE BILLS

Bill No. 379, for the relief of Gerald Emile La Grave.—Mr. Hunter.

Bill No. 380, for the relief of Rita Boucher Dufort.—Mr. Hunter.

Bill No. 381, for the relief of Lucy Halga Saunders Gibson.—Mr. Hunter.

Bill No. 382, for the relief of Antonie Lutz Jedrzejewski.—Mr. Hunter.

Bill No. 383, for the relief of Jessie Clarke Thompson.—Mr. Hunter.

Bill No. 384, for the relief of Dorothy Coughtry Paquette.—Mr. Hunter.

Bill No. 385, for the relief of Isabel Ruth Smith Newey.—Mr. Hunter.

Bill No. 386, for the relief of Eugene Clifford Carbonneau.—Mr. Hunter.

Bill No. 387, for the relief of Jean Antoine Francois Armand.—Mr. Hunter.

Bill No. 388, for the relief of Maria Clara Anita Cauchon Quirion.—Mr. Hunter.

QUESTIONS

C.B.C. ANNUAL REPORT

Mr. Thatcher:

1. What was the cost of producing the printed edition of the annual report of the Canadian Broadcasting Corporation, for the fiscal year ending March 31, 1953?
2. What printing firm received the contract?
3. Were tenders invited, and, if so, was more than one submitted?
4. On what basis was the contract awarded?
5. How many copies were printed, and how many distributed?

Mr. McCann:

1. The complete price was $5,630, including art work and engravings.

2. Might Directories Ltd., Toronto, Ontario.

3. Yes; four quotations were received.

4. The tender was awarded on the basis of the corporation's specifications and requirements.

5. 6,000 English and 2,500 French. These have all been distributed except about 200 copies of each edition required to meet casual requests.

C.B.C.—EMPIRE AND COMMONWEALTH GAMES

Mr. Fulton:

In connection with the contract between the Canadian Broadcasting Corporation and the British Empire and Commonwealth Games Society:

1. Was any effort made to deal separately with the rights to make films for theatrical exhibition and the rights to make films for TV purposes?

2. If not, why did the Canadian Broadcasting Corporation decide to interest itself in acquiring monopoly rights to make motion pictures for commercial theatrical exhibition?

3. Does the Canadian Broadcasting Corporation intend to enter this field?

Mr. McCann:

1. Yes. The first offer of the Canadian Broadcasting Corporation was for sound and television broadcasting rights only.

2. The corporation found that the British Empire and Commonwealth Games Society was offering world radio, television and film rights as a unit, and felt that it should bid for this in competition with private advertising interests in order to assure good sound and television broadcasting coverage in Canada and other commonwealth countries.

3. No.

HERRING FISHING—INVESTIGATION OF SUBSIDY

Mr. Bell:

1. Has the government investigated the possibility of a subsidy for the smoked bloater (herring) fishing industry?

2. If so, what were the details of the forms of subsidy investigated at both producer and exporter levels?

Mr. Winters:

1. Yes.

2. The question of assistance to the smoked bloater industry has been under investigation by the fisheries prices support board for some months. The problem arose out of a substantial carryover from 1952 in the hands of private and co-operative exporters.

In order to clear these stocks and permit a more satisfactory outlook for the fishermen in 1954, the government has authorized the fisheries prices support board to offer to purchase, on or after June 30, 1954, up to 150,000 boxes of choice quality bloaters of 1952 production or standard quality bloaters of either 1952 or 1953 production, at 80 cents per box for choice and 55 cents per box for standard. A firm must elect to come into the scheme before April 15, 1954, at which time the product will be inspected. No bloaters then below standard quality will be acceptable under the scheme. Any bloaters so acquired by the board will be the property of the board and will be disposed of outside commercial channels.

In authorizing this action, the government made it clear that, in future, the industry will be expected to adjust production to demand and to carry on its business without price support.

SALMON FISHING—INVESTIGATION OF REDUCTION OF SEASON

Mr. Bell:

1. Has the government investigated the possibility of a reduction in the Atlantic salmon fishing season this year?

2. If so, what are the estimated salmon losses to Saint John harbour fishermen for the reduced seasons investigated?

Mr. Winters:

1. Yes.

2. Because of year to year variance in time and size of salmon runs no estimate can be made of differences in catches resulting from any relatively small changes in dates of fishing seasons.

LABOUR CONDITIONS

UNEMPLOYMENT—INQUIRY AS TO GOVERNMENT POLICY

On the orders of the day:

Mrs. Ellen L. Fairclough (Hamilton West): Mr. Speaker, I would like to direct a question to the Minister of Labour. In view of the published statistics on unemployment, will the minister say just what steps are proposed by the government to remedy this situation?

Hon. Milton F. Gregg (Minister of Labour): Mr. Speaker, I thought that question was quite thoroughly explored during the recent debate on unemployment in this house.

Mrs. Fairclough: I would like to ask a supplementary question. Did I understand the minister to say that the government does not propose to do anything?

Mr. Gregg: Mr. Speaker, I did not say that.

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, I should like to ask a supplementary question arising out of the question asked by the hon. member for Hamilton West (Mrs. Fairclough), but I would like to direct my question to the Minister of Justice. Did the Minister of Justice, in his radio broadcast from Winnipeg last night, when he stated that 5 per cent of unemployment was agreed to be a good thing, speak for the government?

Hon. Stuart S. Garson (Minister of Justice): Mr. Speaker, in my radio address last night I suggested that a great authority in the United Kingdom, Lord Beveridge, said that 3 per cent unemployment was proper, that it was equivalent to full employment in Great Britain and the Trades and Labour Congress and the Canadian Congress of Labour had indicated that anywhere from 3 to 5 per cent might be a corresponding percentage for Canada. I agreed, by implication, with both these labour congresses.

Mr. Angus MacInnis (Vancouver-Kingsway): Mr. Speaker, I would like to ask a supplementary question. When the minister says 3 per cent might be the proper amount of unemployment, what does he mean by "proper"?

Mr. Garson: In relation to the context to which the hon. member for Winnipeg North Centre (Mr. Knowles) alluded, Lord Beveridge's statement was that that would be the degree of unemployment in Great Britain which would indicate full employment and that there was not a shortage of labour.

[Later:]

INQUIRY AS TO FIGURES RELEASED BY DEPARTMENT OF LABOUR

On the orders of the day:

Mr. Clarence Gillis (Cape Breton South): Might I be permitted to direct a question to the Minister of Labour, arising out of the answer given by the Minister of Justice a few minutes ago and which could be misunderstood. Is it correct that the last figures released by the minister's department indicate that approximately 10 per cent of the working force of Canada are at present unemployed?

Hon. Milton F. Gregg (Minister of Labour): Mr. Speaker, the normal monthly release which was published yesterday indicated, as explained during the debate, the two sets of figures related to unemployment. One set consisted of those prepared by the dominion bureau of statistics showing those without jobs at a given time; the other set of figures showed the total of those at a given date listed in the national employment service offices across Canada as applying for employment. As I recall it, during the debate the announcement was made that the dominion bureau of statistics figure was 280,000 in round figures and that the other group of figures totalled 524,000 for January. The corresponding figures issued yesterday for February were 312,000 in the first instance and 559,000 in the second.

Inquiries of the Ministry

ROYAL CANADIAN MOUNTED POLICE

REFERENCE TO FILM "SASKATCHEWAN"

On the orders of the day:

Mr. G. R. Pearkes (Esquimalt-Saanich): Mr. Speaker, I rise on a question of privilege and I bring this matter to your attention because I feel an answer is called for from the ministry. I have already spoken to the appropriate minister about this matter. Last night I attended a film entitled "Saskatchewan", which is represented as being based upon historical facts. The story, besides being full of historical and geographical inaccuracies, is an insult to the Royal Canadian Mounted Police, a force in which I once served and of which all Canadians are justly proud. This film is also an affront to the memory of certain great Canadians who, by their tact and good judgment, averted Indian warfare in western Canada. The whole sickly story is a travesty of the true facts and therefore its showing is highly undesirable because it distorts, for young Canadians, a glorious chapter in Canadian history.

At no time in the long record of the mounted police did troops of that force engage Indians in murderous battle, killing large numbers of natives, nor did mutiny or insubordination exist in that force. On the contrary, the relationship between officers, non-commissioned officers and constables has always been excellent. I therefore wish to ask the Minister of Justice if any public funds were expended in the production of this atrocious film.

Hon. Stuart S. Garson (Minister of Justice): Mr. Speaker, the hon. member will be greatly relieved to learn that no public funds were expended in the production of that film. That is as one would expect, because we of course do not subsidize these Hollywood productions. I have not seen the film myself but I have received information from the commissioner which indicates that the remarks made by the hon. member for Esquimalt-Saanich (Mr. Pearkes) are correct. The film is quite inaccurate historically and as regards the location in which it was produced; and, as the hon. member has stated, what is even more important is that it does very much less than justice to the Royal Canadian Mounted Police, whose great prestige has always been peculiarly based upon its long and honourable record of having enforced law and order, not by gun-play, as indicated in this film, but with the minimum use of force.

Mr. Speaker: Perhaps I should say for the purpose of the record that I should have

much preferred to have seen this question debated on the estimates of the Department of Justice.

EXTERNAL AFFAIRS

AID TO UNDERDEVELOPED NATIONS

On the orders of the day:

Mr. H. O. White (Middlesex East): I should like to direct a question to the government. Is the government aware of the failure of the Galt Knitting Company after 74 years of continuous operation? In view of the external affairs debate today, will the government assure Canadian labour and industry continuous prosperity so as to enable the government to maintain aid, through taxation, to less favoured nations of the world?

Mr. Speaker: This question is so general in character—

Right Hon. L. S. St. Laurent (Prime Minister): Mr. Speaker, I do not think it is possible to answer that question on the orders of the day. I think it would require more time than could be devoted to the answer to a question on the orders of the day.

FISHERIES

NEWFOUNDLAND—INQUIRY AS TO ESTABLISHMENT OF FLOOR PRICES

On the orders of the day:

Hon. Robert H. Winters (Acting Minister of Fisheries): Mr. Speaker, on Tuesday the hon. member for Cape Breton South (Mr. Gillis) referred to a statement in the press captioned "Newfoundland Fisheries under Ottawa Ruling", and asked for certain information on the new arrangement.

The statement to which the hon. member referred was based on a press release issued on Monday, March 22, by the Minister of Fisheries (Mr. Sinclair). This release followed discussions between representatives of the government of Canada and the government of Newfoundland concerning the marketing of Newfoundland salted codfish.

Under the new arrangements, particularly those respecting NAFEL, the proposal is that the Newfoundland salt-fish merchants at the beginning of the season shall undertake to pay minimum prices to fishermen and to agree on a system of profit sharing dependent on the final outcome of export sales. This will be an agreement between merchants and fishermen and does not mean floor prices in the sense that they would be guaranteed by the government.

The statement also said that prices would be reviewed by the fisheries prices support board at the end of the marketing year. This, of course, is in line with government policy and represents no change.

EXCISE TAX

SUGGESTED REMOVAL FROM CARBONATED BEVERAGES

On the orders of the day:

Mr. F. S. Zaplitny (Dauphin): I should like to direct a question to the Minister of Finance. Has the minister received representations from bottlers of carbonated beverages calling for the removal of the excise tax from their product? If so, is the minister taking these representations into consideration in preparing the proposed new budget?

Hon. Douglas Abbott (Minister of Finance): The answer to both questions is in the affirmative, Mr. Speaker.

UNEMPLOYMENT INSURANCE

REQUEST FOR CHANGES TO COVER SHORT DAY WEEK

On the orders of the day:

Hon. Milton F. Gregg (Minister of Labour): Mr. Speaker, may I refer to the question asked yesterday by the hon. member for Oxford (Mr. Nesbitt). Other members of the house have also asked me similar questions privately. His question was:

> . . . would the minister take into consideration making either appropriate changes in the Unemployment Insurance Act or appropriate changes in its present administration in order that industrial employees working on a short day week may receive full benefits under the act?

My answer is as follows. One of the principles on which the contribution and benefit structure of the Unemployment Insurance Act is based is that the insured person assumes part of the risk, and no benefits are paid for short periods of unemployment.

In carrying out this principle, there are two provisions in the Unemployment Insurance Act. The first is the waiting period of five days at the beginning of every benefit year during which no benefit is paid.

The second provision is that no benefit is paid for any period of unemployment of one day, or for the first day in any period of unemployment, consisting of two or more consecutive days, subject to the following exceptions:

(1) There will not be more than one non-compensable day in a week, and

(2) No non-compensable day will be charged in any week in which the claimant worked for three days or less for an employer other than his regular employer.

In the case of employees who normally work five days a week, and whose work week

is reduced to four days, there is a loss of one day's employment each week and no benefit is paid. However, where two days' employment is lost in any week and only three days are actually worked, under the present provisions, the sixth day which is normally a holiday is treated as an unemployed day and two days' benefits are paid.

There is an anomaly, however, in the treatment accorded to a claimant who loses one day each week, and the claimant who loses two days every second week. This problem is being studied by the unemployment insurance commission, in an endeavour to find a solution which will conform with the underlying principles of the act and which will at the same time be equitable to the claimants.

CIVIL DEFENCE

CONTINENTAL TESTS—INQUIRY AS TO PUBLIC PARTICIPATION

On the orders of the day:

Mr. Ambrose Holowach (Edmonton East): Mr. Speaker, may I direct a question to the Minister of National Health and Welfare, of which I gave him notice, or in his absence may I direct the question to his parliamentary assistant? With respect to the announcement by the United States civil defence administration to the effect that the first continental defence tests will be undertaken shortly, in which the United States and the ten provinces of Canada will be taking part, would the minister make a statement to the house on this important matter, and advise whether any public participation in the tests is contemplated?

Mr. F. G. Robertson (Parliamentary Assistant to the Minister of National Health and Welfare): Mr. Speaker, the hon. member was kind enough to indicate his intention to ask this question. I regret that I am unable to make a statement at this time. Bearing in mind the nature of this question and the fact that there is no apparent urgency, I would suggest that this question might be placed on the order paper.

CUSTOMS ACT

IMPORTATION OF SLINGSHOTS AND MALAYAN STYLE THROWING DAGGERS

On the orders of the day:

Mr. Donald M. Fleming (Eglinton): May I direct a question to the Minister of National Revenue. What representations has his department received recently from police authorities in relation to the importation of slingshots and Malayan style throwing daggers, and what steps does the department contemplate to curtail the importation of these weapons?

Hon. J. J. McCann (Minister of National Revenue): Mr. Speaker, I have not any knowledge of any such application as that to which the hon. gentleman refers. I shall look into the matter immediately and see whether it comes under the jurisdiction of the customs and excise branch of the Department of National Revenue.

ROYAL CANADIAN AIR FORCE

EXTENSION OF BASE AT STEVENSON FIELD—SALE OF HOUSES

On the orders of the day:

Hon. R. O. Campney (Associate Minister of National Defence): Mr. Speaker, I should like to reply to an inquiry addressed by the hon. member for Winnipeg North Centre (Mr. Knowles) to my colleague the Minister of National Defence (Mr. Claxton) on March 12 which he said concerned 30 houses on Whytewold road in St. James, Manitoba. This area has been acquired by the Department of National Defence for the extension of the air force station at Stevenson field. When it was acquired there was a considerable number of shacks, shanties and some houses on the property. As a matter of fact I am informed there are about a dozen houses which are in a very dilapidated state. They are without plumbing and are a menace to health. Three of them are occupied. A survey is being made, and when the area is being cleared for use such of the buildings as appear to have any salvageable value will be declared surplus to Crown Assets Disposal Corporation for sale and removal and the rest will be demolished.

POWER

INQUIRY AS TO DIVERSION OF YUKON RIVER WATER

On the orders of the day:

Mr. Rodney Adamson (York West): I should like to direct a question to the Minister of Trade and Commerce, but in his absence to the Prime Minister. It arises out of a secret meeting between the premier of British Columbia and representatives of the American Aluminum Company and the Frobisher-Ventures Complex at which the question of the diversion of Yukon river water into Taiya inlet and into the Sloko river to the Taku inlet was discussed. Before the government of Canada cedes any water power rights to the United States government or any agency thereof or to the Aluminum Corporation of America, known as Alcoa, for concessions or grants of United States territory, will the matter be brought before the house, and has there been any change in the basic policy on the export of primary power from the Yukon?

Inquiries of the Ministry

Right Hon. L. S. St. Laurent (Prime Minister): I must confess that I know nothing about this secret meeting to which the hon. member refers. I am not in on that secret. There has been no change in the basic policy of the Canadian government with respect to the export of the primary products of its natural resources.

Mr. Adamson: The meeting took place on March 17 and was reported in the Vancouver *Province*.

An hon. Member: Not very secret.

POST OFFICE

ADDITIONAL CHARGE ON LETTERS RETURNED AS UNDELIVERABLE

On the orders of the day:

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, may I direct a question to the Postmaster General. Has the government decided to impose an extra charge of 5 cents, in addition to the postage already paid, on letters returned to the sender as undeliverable? If so, why was the house not informed of this intention when the bill increasing postage rates was before parliament?

Hon. Alcide Cote (Postmaster General): I wish to thank my hon. friend for having given me notice of his question. I may say that an extra charge of 5 cents, in addition to the postage already paid, is not being imposed. Letters bearing the return addresses of the senders on the outside of the envelope, if undeliverable, are returned without charge to the senders. Letters which prove undeliverable at the address given, and which do not bear the return address of the sender on the cover, must be diverted to the undeliverable mail office and opened there in order that the name and address of the sender may be ascertained so that the item may be returned. There has always been a charge for this service. On and after April 1 it will be 5 cents, corresponding to the charge for a "forward" letter.

As for the second part of the question, I do not recall everything that was said on the occasion to which the hon. member refers, although I remember that he certainly covered a lot of ground. But I may say that I myself said at the time that the increase would be all along the line, and I think the principle was certainly contained in that answer.

HOUSING

PROTECTION OF HOMES OF UNEMPLOYED

On the orders of the day:

Mr. G. K. Fraser (Peterborough): I should like to address a question to the Minister of Public Works. As many of the people who are out of work are buying homes under Central Mortgage and Housing Corporation, have the minister and the corporation given consideration to seeing that these people will not lose their homes while they are unemployed?

Hon. Robert H. Winters (Minister of Public Works): Central Mortgage and Housing Corporation is a very sympathetic administrator of the terms of the National Housing Act.

Mr. Fraser (Peterborough): Did the minister see the press report this morning indicating that the Minister of Trade and Commerce had said that these people would not lose their homes?

Mr. Winters: No, I did not see the press statement.

EXTERNAL AFFAIRS

REFERENCE OF ESTIMATES OF DEPARTMENT TO STANDING COMMITTEE

Hon. L. B. Pearson (Secretary of State for External Affairs): Mr. Speaker, with the consent of the house I should like to move:

That items Nos. 84 to 103 inclusive, of the main estimates, 1954-55, be withdrawn from the committee of supply and referred to the standing committee on external affairs, saving always the powers of the committee of supply in relation to the voting of public moneys.

In the first place I think I should say, Mr. Speaker, that in spite of your clear and precise explanation I am not quite sure yet which of these mechanical instruments I am supposed to speak at. But I propose to follow the good Liberal middle of the course way, and I have no complaint against being an acoustical guinea pig on this occasion.

This resolution makes it possible not only to begin the work of the committee on external affairs but for a general discussion of international matters, and has customarily been used for that purpose. Today it has been thought desirable to alter the procedure in one respect so that after I have completed a fairly general survey the Prime Minister (Mr. St. Laurent) may deal with one or two matters concerning the Far East which have arisen out of reports of his recent journey to that area of the world. It was felt that members opposite would like to have a full statement of government policy on all these matters and that therefore it might suit their convenience, as, indeed, it seems suitable to us, that the Prime Minister should follow me immediately. Then the debate would take its normal course.

The first matter with which I should like to deal, and I think the house will expect me to, is the result of the Berlin conference,

which was being held when we had our last discussion on international affairs on January 29. It will be recalled that the agenda of the Berlin conference was adopted quickly. It was a simple agenda of three items. The second and third items of that agenda were Germany and the problem of ensuring European security, and the Austrian state treaty. In respect of these two items, as the house knows, no progress was made at Berlin.

In so far as Germany is concerned, the Soviet delegation to that conference was unable to agree to the proposal for free all-German elections as the first step towards unification and a German peace settlement; while the western foreign ministers on their part were not able to agree to the Soviet proposal, which had been previously rejected, that a provisional all-German government should be set up on a basis of equal representation of the freely elected government of the German republic and of the communist regime in East Germany. The result was, in this matter, deadlock.

Similarly, in respect of Austria, when the western foreign ministers, in an effort to bring a peace treaty to Austria at last, accepted the previous Soviet proposals the Soviet delegation then introduced new and irrelevant conditions, with the result that in this matter too there was deadlock. So the peoples of Germany and Austria must have felt, as indeed we felt, disappointment and disillusionment over the negative results of these items of the agenda.

The first item of the agenda concerned methods of reducing international tension and convening a five-power conference. Under that item a decision was taken, as the house knows, to hold a conference in Geneva opening on April 26 to discuss the question of a Korean peace treaty and the war in Indo-China. I will deal with these matters more specifically a little later.

On January 29, when we discussed international affairs, I told the house that in my view, despite some minor concessions and some reassuring words from the successors to Mr. Stalin in the U.S.S.R., nothing that had happened up to that time gave us cause to believe that the basic objectives of soviet foreign policy had changed or that soviet leaders were, in fact, ready to accept a reasonable solution to major international problems. After a careful examination of all the reports of the Berlin conference dealing with Germany, Austria and the general subject of European security, it seems clear that the conclusion I put forward on January 29 holds true today. There has been no evidence of change in the basic foreign policy objectives of the Soviet union. At Berlin, Mr. Speaker, the same record was played, although it was played somewhat more softly and for that I suppose we should give thanks.

One of the foreign policy objectives of the Soviet union has been to split the European allies, and indeed other allies, from the United States of America; to crack the solid structure of western unity. Mr. Molotov at Berlin made it abundantly clear that this was certainly one of his principal aims. But we can all take satisfaction out of the fact that he failed in achieving that aim. Indeed, the Russian tactics served to strengthen, I think, the unified approach of the western delegation to international problems. The teamwork and the tactics of the western foreign ministers at Berlin, which were I think admirable in all respects, have quite possibly increased the sense of common purpose in the peoples of the free world. A stronger Atlantic community spirit might, I think, be listed as a positive achievement of that conference.

The attitude adopted by the soviet delegation, their refusal to agree to the unification of Germany with free elections or the peace treaty with Austria, has also served to remove—if we still had them—any lingering illusions about soviet policy. I suppose this also can be listed as a positive achievement of the conference. It is a melancholy fact, but a fact nonetheless, that in the world in which we live we must count as a step forward the removal or reduction of false hopes, because false hopes can be dangerous. Clearing the ground of illusions and facing the situation as it is makes, I think, more likely the formulation, and eventually the realization, of sound hopes and attainable visions of secure peace.

Since the Berlin conference some progress has been made by the countries of western Europe towards the establishment of the European defence community. In Belgium, for instance, the senate has approved a bill for ratification of the EDC treaty, which earlier had been passed by its house of representatives. In The Netherlands the final steps in the formal process of ratification have been completed. In the federal republic of Germany, parliamentary approval has been received for constitutional amendments which would put beyond doubt the right of the German republic to participate in western defence. In both France and Italy, however, formal parliamentary debate on the EDC treaty has not yet begun. We must hope that it will begin soon.

The Canadian government, as I indicated in my last statement, has welcomed indications that our friends in Europe intend to unite their forces in the interests of continental defence and continental co-operation. We have not taken the position that EDC was the only means to this end, but we have stated our support for EDC as a satisfactory arrangement and indeed as the only one which has been put forward officially. Furthermore, as a member of NATO with which EDC if it comes into existence will be associated, we have expressed our satisfaction that the creation of the European defence community will strengthen the North Atlantic community and integrate the defences of the whole North Atlantic area.

Now, Mr. Speaker, those are no mean objectives and perhaps it was unrealistic to expect their rapid realization. But surely we across the Atlantic have some right to expect that if the pace has been slow, it should be steady. Certainly, if there were any lingering doubts that we were on the right path those were dispelled by the example of soviet policy at Berlin. We in Canada have, I think, felt and demonstrated sympathy and understanding for those in Europe who have demanded full time for consideration of EDC. In view of their history we have understood their hesitation. But while recognizing the necessity, the very real necessity, for caution and prudence, we may feel also over here that there comes a time when in certain situations failure to act may in the long run prove to have been the most dangerous of all possible courses, and that the greatest probability of safety may lie in decisive acts of faith.

At the Berlin conference the U.S.S.R. has made it very clear that they oppose EDC because they see in it a strong obstacle to their own policy. Their opposition is, perhaps, understandable, though it is based I think on false fears and false assumptions. The European defence community has been devised from the beginning to contribute to the defensive collective strength of western Europe, with which will be associated the United States and Canada. The men in the Kremlin apparently feel that continued failure to ratify the EDC project would tend to serve their purposes of keeping free Europe weak and divided. I agree with them, and that is one reason why we must hope that EDC or something like it will soon come into existence.

The other item on the Berlin agenda which was dealt with has resulted, as the house knows, in the calling of the Geneva conference. I believe this conference can be welcomed. But again, we should have no exaggerated hopes of success. We must, of course, do our best to bring about that success. We must refuse to give up the struggle if we seem to be having difficulty in the first week or two. But it is not going to be an easy conference, and indeed it is not going to be a conference from which we can be sure of constructive results. For one thing, we shall have new membership at that conference in the personnel of the delegation from communist China.

The Secretary General of the United Nations, whom we were happy to welcome in Ottawa only a few weeks ago, had this to say in London at a dinner on March 18:

> Now, we are facing a new chapter in the Korean story. Next month in Geneva the nations who fought under the United Nations flag in Korea return to the conference table to seek peace. At this table the communist countries will be fully represented for the first time. The negotiations that will be undertaken in Geneva will be of extreme difficulty, yet it would be a serious mistake to allow them to lapse again should it prove impossible quickly to conclude that peace treaty.

He concluded this part of his remarks in these words:

> It is inherent in the United Nations' approach that the western world and the communist world meet regularly around the conference table.

I was asked on Tuesday by the hon. member for Eglinton (Mr. Fleming) what would be our instructions as a Canadian delegation at this conference. Mr. Speaker, that can be stated in very general terms. We shall do our best to assist in the process of converting the Korean armistice, a somewhat uneasy Korean armistice, into a durable and satisfactory peace within the United Nations frame of reference which has been set down for this conference, and by which we as a government, indeed as a parliament, are bound.

The United Nations' resolution on this subject reads—at least the important sentence of it—that the objectives we are to seek are:

> Achievement by peaceful means of a unified, independent and democratic Korea under a representative form of government and the full restoration of international peace and security in the area.

These are the goals of the Canadian delegation to the conference, and indeed they should be the goals of each delegation whose right to participate at the conference stems from its military contribution to the United Nations' cause in Korea. I can see no obstacle that could not be overcome in the way of the realization of that resolution if there is good faith and good will on both sides; but that "if", Mr. Speaker, as we know from unhappy experience, is big enough to restrain undue

optimism as to the results of the conference. Nevertheless, we shall do our part as Canadian representatives, I hope, to achieve a satisfactory result which may bring peace to Korea.

At the Geneva conference there will also be discussed the question of Indo-China. It was agreed on by the four foreign ministers at Berlin that this question should be discussed by representatives of France, the United Kingdom, the United States, the U.S.S.R., the Chinese people's republic and other interested states. As hon. members know, the problem of Indo-China, where bitter fighting has been going on for eight years and is going on today, has never been submitted to the United Nations for consideration, and for that reason Canada has not been as directly concerned with this matter as we were with the aggression in Korea. Nevertheless, I am sure we are all conscious of the critical significance of the struggle in Indo-China as it affects the aspirations of the people of Viet Nam, Laos and Cambodia in achieving and maintaining the independence accorded them by France, as it affects the security of the neighbouring countries in southeast Asia and as it affects the ability of France to make the maximum contribution to European and North Atlantic security and co-operative arrangements. And so, while we do not expect at Geneva to take any active part in discussions regarding Indo-China, we shall of course follow these talks with close interest and take advantage of any opportunity that may be afforded to us to help in bringing some satisfactory conclusion out of this particular matter.

There is another matter, Mr. Speaker, about which I think I should say a word or two. I meant to discuss this, as a matter of fact, when I was speaking in the house in January, but considerations of time did not then make it possible. I refer to President Eisenhower's proposals last autumn on atomic energy. During recent months, and indeed during recent days, a considerable amount of significant information has been made public regarding the terrible power of atomic weapons, particularly the new type of hydrogen atomic weapons which, and it is a horrible admission to have to make, have made the bomb that was dropped on Hiroshima and killed 60,000 people obsolescent. There is no need for me to try to impress on the house the fearful power of these weapons and the awesome responsibility toward all future generations, which their recent development imposes on humanity.

In the face of the dangers which these developments involve, it is vitally important that no genuine opportunity for international co-operation in this field should be missed. In this respect the Berlin conference was disappointing and the Korean conference at Geneva may prove to be so, too. But surely we must never abandon the effort and the hope that sooner or later sanity and moderation will somehow prevail, and that man will exercise control over weapons, the use of which may destroy his little world.

While there are, as we know from long experience, many and bitter difficulties in the way of solution of this problem of international control of atomic energy, President Eisenhower's proposal does gives us some hope that progress can be made. That proposal is in many respects a modest one. For that purpose, it may be easier to implement it. You will recall, Mr. Speaker, that when this proposal was first mentioned in this house—the proposal refers of course to the collection of atomic stockpiles of uranium and fissionable materials under an international atomic energy agency—the Canadian government announced its unreserved support for it. The Prime Minister referred to it in the house at that time as an imaginative and constructive approach to what is perhaps the greatest problem of the day, namely, the effective control of atomic energy and its development for welfare rather than for warfare. But I think it is important that our strong support for this approach should be accompanied by a clear understanding, not only of what the proposal is but what it is not. For example, it does not of itself offer a solution for the terrible problem of the use of atomic energy for destructive purposes.

But while it is a relatively modest one, therein may, as I said, lie its virtue, or at any rate lie the possibility of its early and general acceptance. Furthermore, it could, if it were adopted, be the starting point for further progress and for reaching more important forward results. At this point it might be useful if I just said a word on the procedure being followed by the United States' government in making arrangements for discussion of this proposal by the nations principally concerned. Obviously—at least it seems obvious to me—it is of great importance that the Soviet union should participate fully in these discussions; and for that reason Mr. Dulles, the United States Secretary of State, had been holding, as the house no doubt knows, bilateral discussions with the Soviet ambassador in Washington, and during the Berlin conference with Mr. Molotov, with a view to making satisfactory arrangements for further and more general progress.

These discussions have now advanced to the point where, on March 19, the United States government presented to the Soviet

government a memorandum outlining its views as to how President Eisenhower's proposal could be most effectively implemented. While that memorandum was sponsored solely by the United States government, which arose out of those bilateral conversations, the Canadian government was consulted in advance about the terms of this memorandum.

After consideration we were able to say that we were in general agreement in these proposals to which we have been giving very careful consideration. And in that consideration we have had to face a number of difficult questions. For example: should the international agency suggested by the President hold in its own possession uranium or fissionable material to be supplied by contributing nations; if so, where? Alternatively, perhaps the agency might itself hold little or no material, and be in a position to draw upon stocks held by contributing nations up to the amounts pledged.

Another question to resolve is whether the proposed international agency should itself construct, own or operate atomic reactors, or whether it should confine its activities to arranging for the provision of the materials and technical assistance required by countries wishing to undertake this atomic development program for peaceful purposes.

A problem of importance concerns the proposed international agency itself. Should it be associated with the United Nations? In what way would it be financed? What would be the basis for determining who should be represented on it?

Hon. members will note that I have framed my remarks on these matters as questions without answers. We are seeking for these answers, in consultation with our friends. But I think in view of our experience over the years that so much in the way of international discussion of atomic energy has been bedevilled by propaganda and frustrated by political fears—in view of that experience I think it is wise in the early stages at least to have these discussions conducted privately and confidentially.

And that is what has been going on. In due course, if these bilateral discussions about which we are talking turn out to be successful, then the discussions can be broadened to include other countries importantly concerned. I think in the privacy of discussions at this stage, however, lies the best hope that the talks will be used for serious negotiation rather than for propaganda.

But the more we study this question of atomic energy and its use, without control, for destructive purposes, the more important of course become arrangements, and the necessity for these arrangements, for collective defence, for co-operation for peace among the free world.

The basis of the security which we are seeking in this field is of course international action—international collective action on the broadest possible front. Mr. Dulles himself, the Secretary of State, made that very clear in some very impressive words which appeared in an article which came out last week in *Foreign Affairs,* under his name. He wrote:

> The cornerstone of security for the free nations must be a collective system of defence. They clearly cannot achieve security separately. No single nation can develop for itself defensive power of adequate scope and flexibility. In seeking to do so, each would become a garrison state and none would achieve security.

And he went on to say:

> This is true of the United States. Without the co-operation of allies, we would not even be in a position to retaliate massively against the war industries of an attacking nation. That requires international facilities. Without them, our air striking power loses much of its deterrent power. With them, strategic air power becomes what Sir Winston Churchill called the "supreme deterrent". He—

That is, Sir Winston Churchill.

> —credited to it the safety of Europe during recent years. But such power, while now a dominant factor, may not have the same significance forever. Furthermore, massive atomic and thermonuclear retaliation is not the kind of power which could most usefully be evoked under all circumstances.

And he concluded this part of his article by saying:

> Security for the free world depends, therefore, upon the development of collective security and community power rather than upon purely national potentials . . .

I am sure the house will agree that those are very wise words, indeed. Now the broadest base for the accumulation of this collective community power is in the United Nations itself. It is the only international organization we have which is universal in character. But now that very universality makes its deterrent value not as great as it should be, and makes it not very effective as an instrument for collective community power at the present time.

It can be effective, and it has been shown to be effective in Korea; and it could be more effective if we implement the "uniting for peace resolution" of the UN general assembly. But the fact is that, as the United Nations is now constituted, reflecting the cold war which is still raging, it cannot be a satisfactory and effective agent for universal collective security — not effective enough to remove our fears.

And so, as an alternative, we have fallen back on a regional basis for the collection of this community power; in the circumstances, an effective alternative through arrangements which include those states which are willing to accept firm commitments for collective action.

Above all, of course, there is NATO, the North Atlantic Treaty Organization. This regional collective security as exemplified in NATO is based on two concepts—not one but two concepts—the first of which is the importance of local defence, and the second, the importance of retaliation, especially from the air, on enemy nerve centres from bases which may be far removed from attack. Both these concepts are, of course, essential to the effectiveness of the North Atlantic Treaty Organization. Mr. Dulles, himself, talking about this at a press conference the other day, and referring to the necessity for local defence, but also to its inadequacy in present circumstances, said:

> With the Soviet-Chinese-Communist world—with its 800,000,000 people occupying a central location; with its vast land armies—it would be utterly impossible to have local defences all around that 20,000-mile orbit sufficient to stop any blow that might come at wherever they might choose to make it. So that you have got to find some way whereby that type of local ground defence can be supplemented.

And he went on:

> Now that doesn't mean that you eliminate wholly, by any means, land forces—it means you do not necessarily make them your primary reliance because, as against the kind of danger which threatens, it is impossible to match your potential enemy at all points on a basis of man-for-man, gun-for-gun and tank-for-tank.

And so, local defence, while important, has to be supplemented by this other concept of retaliation. And yet, if we relied too much on that and depreciated the importance of local defence, that would be interpreted in many countries as meaning that some countries were expendable. And I doubt if we could maintain a coalition, even NATO, very long on that basis. Inevitably there would be a retreat to isolation. There would be a move towards what sometimes is called continental security, both in North America and —and this is sometimes forgotten—in Europe itself.

But security of this variety, continental security, is a delusion, because, and I think the house will agree with me, there can be no continental security without collective security. And there can be no collective security without collective arrangements for collective action. And no such action can be effective without close and continuous collective consultation. There are then, as I see it, two deterrents against war, and we must be clear about them both. Certainly I believe we are clearer now about the importance, the significance, and indeed even the limitations of the deterrent of massive retaliation than we were a few weeks ago.

There has been a good deal of talk in the last week or two here, in the United States, and across the seas, about this new defence strategy, or new defence concept, that is sometimes referred to as the "new look". It was also referred to by the vice-president of the United States in his broadcast a couple of weeks ago as a "new course". On the other hand, it was described by President Eisenhower, in his press conference last week, as "no new doctrine at all."

Whether it is new or old it is extremely important. In the words of Mr. Dulles, it means "local defence reinforced by mobile deterrent power". It means refusal to be tied to any rigid strategy, to any fixed planning, and it gives the nations of the coalition, it is hoped, more freedom of manoeuvre.

This old, or new doctrine, whatever you wish to call it, was dealt with in considerable detail by the United States Secretary of State in his speech in New York on January 12. He confirmed his views on this strategy at his press conference on March 17 in Washington when he said, and I quote from his remarks as reported in the New York *Times:*

> I have said that the capacity to retaliate powerfully and instantly is, in my opinion, the greatest deterrent, and that when you are faced with that kind of potential enemy, or with the assets that this potential enemy has, I believe that a deterrent of that sort is the most effective way there is of preventing a war.

So far as I am concerned I do not criticize the view that this kind of strategy is a valuable deterrent against aggression, and a shield for defence. In my speech in Washington last week I went out of my way to say that I did not criticize it as such because it might very well be the best deterrent against war at the present time. What I thought was important, however, was to clarify some of the ambiguities of this new strategy, and to make it as clear as possible to us all where we stood as friends and allies in relation to it.

Within the last few weeks some very important and reassuring clarifications have been made in Washington of what seemed to some of us to be obscurities. I believe that has been a good result. I know that personally I feel better after having heard some of these statements.

The sentence on which I concentrated my attention in Mr. Dulles' January speech, and it is a sentence which has become pretty well

known by now, is as follows. I am quoting from Mr. Dulles' speech made in New York on January 12:

. . . before military planning can be changed the President and his advisers, as represented by the National Security Council, had to take some basic policy decisions.

Then he went on:

This has been done. The basic decision was to depend primarily upon a great capacity to retaliate, instantly, by means and at places of our choosing.

Some weeks afterwards the vice-president of the United States spoke over the air on March 14 and said more or less the same thing. I quote:

Rather than let the communists nibble us to death all over the world in little wars we would rely in the future primarily on our massive mobile retaliatory power which we could use in our discretion against the major source of aggression at times and places that we chose.

From Mr. Dulles' speech, from which I have already quoted, I picked three words which I considered as being of special importance. These words were "instantly" . . . "means" . . . "our choosing". When I spoke to Mr. Dulles in Washington last week about his speech he said that he did not quarrel with my selection of words, as they were indeed key words. But he was of the opinion that I had excluded the most important word. That word was "capacity". Dealing with that point on March 17 at his press conference Mr. Dulles said:

If you will read my address of January 12, you will see what I advocated there was a "capacity" to retaliate instantly. In no place did I say we would retaliate instantly, although we might indeed retaliate instantly under conditions that call for that. The essential thing is to have the capacity to retaliate instantly.

I certainly accept the importance of that word, but I would suggest that the word "capacity" means not only military capacity but political capacity and that, as Mr. Dulles pointed out so clearly in his article in *Foreign Affairs,* includes the necessity of co-operation with other countries, especially in such things as the use of bases.

Mr. Dulles has pointed out, as did President Eisenhower in his address to the United Nations, and this has also been emphasized by the Canadian delegation to the United Nations assembly, that this aspect of the question, namely collective capacity and facilities, is in fact a safeguard against rash or provocative action, if such safeguard were needed, on the part of any member of the coalition. For action could only be taken by a joint or collective agreement.

There is a second word to which I devoted some attention in my Washington speech, and that was the word "instantly". That word, in connection with the strategy we are discussing, involves no problem, as I see it, if there is a direct attack on your own territory, or indeed possibly on the territory of your neighbour, because then it becomes a question of self-preservation and quick, effective, and instant action is essential and would be taken by any country attacked. No one, I believe, would take exception to that.

But the situation is not always so clear as that, and not always so urgent. Sometimes we have cases of unclear or indirect aggression where the circumstances may be blurred and decisions cannot be so easily and quickly made. In that kind of situation a question at once arises as to the application of this doctrine. Against whom will the retaliation be made? Where, how, and when? The difficulty of course in getting out of that situation is that you cannot find any cut-and-dried formula to cover all these cases, and if you did have one you would not want to give it away by unnecessary publicity. Yet, having regard to that difficulty, there is the other difficulty, because this kind of blurred situation is exactly when co-operation and consultation with your friends is most essential and when it is of vital importance to act together as much as we can and plan as far in advance as possible.

Then there is the phrase "by means". That has been interpreted in certain quarters, and understandably so, to give some weight to the fear that the application of this kind of strategy might involuntarily convert small wars into a world war. The Secretary of State of the United States has been trying to clear up that misapprehension in recent days by emphasizing that "means" do not include any single means, let alone atomic means, that the means would have to be adapted to the circumstances and that there would be many occasions—indeed probably most occasions, even of aggression—when it would be unwise politically and strategically to use atomic means at all. Then there is this final word "our choice". Of course there were some worries about the interpretation of that word "our". Those who worried felt that they had some cause to do so because of the ambiguity of the language that was used and because it was felt—I think rightly—that if collective security is to work, the word "our" in that context must mean the free world coalition. Mr. Dulles, in his *Foreign Affairs* article to which I have already referred, agreed with this interpretation when he wrote:

The main reliance must be on the power of the free community to retaliate with great force by mobile means at a place of its own choice.

On March 19 this interpretation was made even clearer when Mr. Dulles appeared before the Senate foreign relations committee and was asked this question by Senator Smith of New Jersey:

As a result of your January 12 speech, that is when you first spoke of this capacity to retaliate, there have been fears expressed that the United States would not consult our allies in the event of an attack . . . These fears are based on the words in your speech "by means and at places of our choosing". Now I interpreted that when I read it to mean that you were referring to our choosing rather than to the enemies choosing. You would not say our choosing exclusive of our allies? I am correct in my interpretation?

Mr. Dulles replied in words which were very clear and to the point:

You are absolutely correct, Senator Smith. The emphasis upon "our" was in terms of the free world or whatever portion of it is operating in counter-distinction to the Soviet world. I was pointing out that if we only respond at places and by means of their choosing then we do not exercise a maximum deterrent power, and that the differences between "their" and "our" was in terms of the free world and its potential enemy.

Mr. Speaker, I think the effect of this exchange of views, this conference, these statements and these clarifications has been that we now have a fairly clear and reassuring idea of what this new strategy and this new planning for defence is. One thing this interpretation does make clear is that diplomacy and consultation, which is part of diplomacy, is under this doctrine not less important but more important than ever before. Any decisions must surely be collective, whenever that can be done, before action has to be taken.

The New York *Times* in an editorial on March 20, commenting on this aspect of the question concluded as follows:

In discussing bipartisan foreign policy here at home—

This is in the United States.

—the idea of "being let in on the take-off and not the crash landing" is often mentioned. That goes for our allies, and it ought to apply with special emphasis to Canada.

I am sure hon. members will agree with me when I say that we want to be let in at the take-off so that we can do our part to help avoid a crash landing. I think this is especially true in the relations between Canada and the United States where consultation and co-operation are very essential not only in respect of security matters but also in respect of economic matters and every other matter.

We had a very good illustration last week in Washington of the importance and the value of consultation on economic matters when we met in Washington at the first session of the Canada-United States committee on economic affairs.

We in this country have already built up with our friends in the free world valuable habits of consultation and co-operation. We know now that our fundamental interests are identical. There is, of course, a long way still to go. We must, for instance, increasingly apply the realization of interdependence to our economic policies as well as to our defence policies. In respect of consultation for defence, defence planning and all that kind of thing, I suggest that we should try to use the North Atlantic council more than we have in the past. We have a permanent council in session in Paris. It is meeting every few days and I think this council should be an effective vehicle for consultation in this field. Next month, on April 23, we are going to have a ministerial meeting of the North Atlantic council. The only subject on the agenda of that meeting is exchange of views on the international situation between the foreign ministers of the North Atlantic countries, all of whom will be there and all of whom will be discussing the subject that I am discussing now. That is the kind of subject that should, I think, be discussed at the North Atlantic council not only at occasional meetings of ministers but continually through the permanent representatives so that in that agency of consultation we can clear our views on defence and foreign policy.

We must also constantly seek not only to preserve but to widen and develop still further our attitudes and habits of confidence, frank discussion and consultation, restraint and tolerance. Notwithstanding the importance of the North Atlantic Treaty Organization which I have just emphasized, this must be done on a scale which is not limited to the North Atlantic alliance but which is as broad as the globe. Indeed, our co-operation, our friendships must extend beyond our western civilization. Improving the economic and social conditions under which the major part of humanity lives will not ensure peace but it will make peace more likely. More important possibly than even economic aid is the opportunity for understanding and for genuine friendliness between the peoples of Asia in their hundreds of millions and those of the western world. These Asians will form their impressions of our civilization and values above all by what they learn and sense of our real attitudes. That is only one reason, I think, why all members of the house have been so happy

over the magnificent results of the journey of our Prime Minister (Mr. St. Laurent) into that part of the world.

I would go even further and say that our sense of understanding must even extend to the very people who we think threaten our peace. We cannot be soft-headed about this matter for power in the hands of irresponsible rulers could be dangerous to our peace. But while we need not be soft-headed, we should certainly be clear-headed. I agree that we must be careful and alert. But also we must not let fear freeze our diplomacy into immobility or fire it into panic action. The purpose of Canadian policy—and I do not think there is any division of opinion in this country about this—is not merely to build up military collective strength, important as that is. Our purpose is to work together with our friends in solving our own problems and also, if possible, to negotiate with those whom we fear, in solving those other problems which now divide the world. Canada is anxious to play its part also in this form of collective security, anxious to play its part in seeking, by negotiation, international solutions to differences, to seek them by negotiation from the strength, which we are now collecting, and with strength but also with wisdom, with a full realization of the calamitous result of failure, and in the hope that one day security will rest upon a stronger basis even than the certainty of massive retaliation, atomic retaliation if you like, against anyone who would break the peace; retaliation which would certainly annihilate the enemy but might also destroy ourselves.

Right Hon. L. S. St. Laurent (Prime Minister): Mr. Speaker, I find myself at this moment in a position where I have to ask your indulgence and that of the house for a few minutes to speak of at least one of the unfortunate results of my trip around the world that has been referred to in so generous terms by my colleague, the Secretary of State for External Affairs (Mr. Pearson). International affairs are of such importance that any imprecision or ambiguity in language used about any of their aspects is apt to have very unfortunate consequences. I have to appear at this time before my colleagues in the position of a repentant offender asking the indulgence of his colleagues for his regrettable transgression on the basis of a humble confession of his error or mistake or lapse and on the basis of his genuine desire to clarify the situation and to dispel any of the anxieties or undesirable consequences resulting from the interpretation of too loose language he was unfortunate enough to use.

[Mr. Pearson.]

I am sorry that any of the things I am reported to have said in the East about China have given concern and caused controversy in this country. I am not going to attempt to say that I have been misquoted. I know that the gentlemen of the press who were there were honestly doing their best to report accurately and objectively the many questions in many forms that were put to me, sometimes with almost machine-gun rapidity, at press conferences or at the airfields as I alighted from the plane or was walking towards the plane to re-enter it. I am sure that they did attempt to reproduce what they understood me to have given as my answers and what they understood those answers to mean. I must and I do take the responsibility for any misinterpretation or misconstruction that could be put upon them because of their imprecision or their ambiguity.

There is one thing, however, about which I do feel quite sure that there was an inaccuracy. There was one report that I had said that I was sure we would have to recognize the present government of China as the government the people of China wanted. I feel quite sure I never would use those words intentionally because I never had that feeling about the present government of China. But I must have used some words almost like them since so many of these reporters have come out with that as their version of what they heard and understood, that I felt we would have to be realistic and recognize the government of China "as the government the people wanted."

I should not have said "the government the people wanted". What I had in mind was that, in spite of our dislike of any form of communist or totalitarian government, we could not expect to have to deal with the kind of government, representing the people on the other side, we would like them to have, the kind of government we would want them to have, but that we would have to deal with the government they had as a matter of fact, the government that was in control of the forces that were participating in the happenings that were causing such tension and such anxiety in the international field. That is what I meant. That is what I should have said in words that could not be mistaken or interpreted in any other way because I think that with such a statement there would have been little or no concern and little, if any, controversy about it in this country or anywhere else.

I am not going to read to the house the many editorials that have been published, but I take one that appeared in the Ottawa

Journal of March 12, 1954, which, in part at least, I think would be fairly representative of what was and would be the feeling of the public generally in that regard. The editorial is entitled "About Recognizing China". It reads in part as follows:

A Tokyo dispatch now quotes Prime Minister St. Laurent as saying with respect to recognition of communist China that "it is only the common sense, realistic approach that allied countries eventually deal with communist China as the government in effective control of the China mainland."

This is better, more sensible, than what Mr. St. Laurent was reported to have said earlier at Seoul, namely:

"I do feel that some day we are going to have to be realistic. We are going to have to admit the present government of China as the government the people want."

I feel quite sure, in spite of my respect for the journalists who were there and who were doing their best to report what they heard and what they understood, that I did not put it that way because I never had it in my mind in that form. It was the contrary form I had in my mind, that in spite of our dislike of communist or totalitarian governments we could not expect to have the kind of government we wanted. It would be the kind of government—and I must have said this—that they wanted. I should not have said "they wanted". I should have said the kind of government they had actually in control of the forces we are opposing. The article goes on to say—and I think everyone would agree with this:

No country can ever know with certainty whether the government possessed by some other country is the government its people want. And the fact is that Canada now recognizes any number of countries without being at all sure that their government is what their people want. There is Russia, and Czechoslovakia, and Poland, and Spain; possibly others.

What Canada does, and must be compelled to do, and what all other countries must be compelled to do sooner or later, just because it is the only sensible practicable way, is to recognize the government of a country which is in effective control —which exists in fact.

I would not go quite that far because I would now be very chary about using the word "recognition". It has for so many different people so many different connotations. There is what is sometimes called the concept of legal recognition. Others refer to it as diplomatic recognition. I think perhaps it is better to use some other word that cannot have so many significations. When I was using it I was using it in its broadest sense, that we just had to avoid closing our eyes and had to see, to recognize, that the government that was in control, and with whom we had to deal if we expected to make any kind of arrangement that would be implemented, was the government that was in fact in control of the forces that we were opposing. But the article goes on to say:

We must and should recognize the present government of China, not because we approve of it, not because we do not detest and condemn some of the crimes it has committed, but simply because of the inescapable fact that it is the only government there—the only government exercising authority. Such recognition need not come at this moment;

With that, I fully agree. I would even go so far as to say, instead of "need", we might well say "should" not come at this time. The editorial continues:

—perhaps should not come while Red China remains an aggressor, nor until we see what emerges from Geneva. We must respect—certainly not flout—the opinion of our allies. But for heaven's sake let us not take the impossible position that recognition of China cannot come while China has a communist government—

Then, the article goes on:

It is a pity—

I think it is a pity.

—that the question of Canada's "recognition" of China should have come up in the uncertain way of press conference statements. Mr. St. Laurent doubtless was asked the question in a dozen ways, and it is understandable that, in the east, he desired to indicate Canada's open-mindedness on this vexed subject. But upon his return to Canada parliament should be given a clearer explanation, though the shadow of the Geneva conference will compel restraint.

Of course the shadow of the Geneva conference not only compels restraint but I think is going to be something more than a shadow. It is going to be something that will, to a certain degree, project light into the future. At the present time I was not expressing government policy, but I was expressing frankly my own feelings about it. I was really happy at having heard that there was going to be a Geneva conference at which the government which in fact controls the forces whose conduct has had such a disturbing effect on world peace would be represented and would be talking over the possibility of removing the uncertain conditions of this cease-fire with two impregnable lines of soldiers opposite each other in Korea. Perhaps the conference would be able to do something about the situation which is of grave concern to the whole world, that is the fighting that is going on in Indo-China.

I had the distinct impression that most of the embarrassment felt by French leaders with respect to the European army was a consequence of the drain upon their human and material resources as a result of the fighting going on in Indo-China. I felt that these questions that were being thrown at me arose out of this invitation that had been extended by the four great powers to the representatives of the only government that

exists on the mainland of China to come to this conference. The invitation was coupled, of course, with a rider that it is understood that neither the invitation to nor the holding of the above-mentioned conference shall be deemed to imply diplomatic recognition in any case in which it has not already been accorded. But it does constitute an admission that that is the government that is controlling the forces that we have been resisting; that it is the government that can agree to and admit that we have demonstrated that aggression is not going to be allowed to be profitable and that they cannot impose their will upon the free world through aggression.

It may be that something more permanent than this cessation of firing across the no-man's-land between the two forces that are still there will come out of the Geneva conference. If that comes out of the Geneva conference, it may indicate that by negotiating with the same people other causes of world unrest and of uncertainty about the future can be eliminated. So long as that is the only government on the mainland of China, it is only through discussions with that government that any results can be achieved.

Now, when will there be sufficient results achieved to make it desirable to consider whether there should be what amounts to diplomatic recognition? That is something this government is not considering at this time. When I say "at this time", I am not using evasive language. I am not trying to have my language just comply with the facts. I do not mean just at this moment. Under present conditions I do not see any reason why we should consider diplomatic recognition of China. But those conditions may change and I think it would be most unfortunate, just as the editor of the *Journal* feels it would be most unfortunate, to tie ourselves down by declarations and commitments that would make it impossible for us at any time to come to the conclusion that even the diplomatic recognition of China would not be helpful to peace and security in the world. We are not in that position at the present time, and when I said there was no consideration being given by the government to that kind of recognition at this time I did not mean, as I saw suggested in at least one newspaper, that it was just something that had not yet come officially before the cabinet as a cabinet. I meant that I was not thinking of it and I did not know of any of my colleagues who were thinking in terms of diplomatic recognition of China under present conditions.

But I felt that none of us were thinking in terms that would make it impossible for us to make the right kind of a decision when, under changed circumstances, a decision had to be made. Of course, that decision would have to be made in such a manner as would not involve flouting the opinion of our allies. We have many allies in the North Atlantic Treaty Organization and we have others whom we can, I think, regard as allies, in the United Nations. It would be something of world concern. I would hope the position taken by Canada would be a position that would be of benefit to the peace and stability of the whole world. We should not attempt to make decisions that do not have to be made. The position at this time is that we are not, under present conditions, contemplating diplomatic recognition of China. We have not, and I do not think we should say at this time or at any other time that there may not be a situation in the future when a government we do not like, a government the complexion of which is quite contrary to all our democratic ideals, and a government which according to the information we have obtained by hearsay—of course we have to rely for our information on what we get by hearsay—seems to have been guilty of many things that we would not condone, may nevertheless have to be recognized. There are other governments with whom we have at the present time diplomatic relations who, we think, have done things we could not condone. But they are the governments of those lands and the only governments with whom any dealings in respect of their populations can be had.

I think we all hope that there will be, even between these apparently incompatible worlds, the free world and the world made up of countries with communist regimes, some kind of a *modus vivendi* which will in fact allow us to live, and allow them to live. That would take place, without our interference, without our approval, without our responsibility in any way in the lands we regard as unfortunate, because they are under such regimes. If we do not look upon that as possible, we then have to look upon this state of cold war as something of very long duration, with always the possibilities of its flaring up into something worse than a cold war.

Once again I am sorry that I was not more careful in the language I used, and that it was the kind of language that could give rise to this concern and to this controversy; but as far as policy is concerned, I was not speaking about policy. And now I do venture to say that the policy of the Canadian government at the present time is to keep an open mind as to whether or not at any time, under any conditions which may develop in the future, there should be recognition of the government which at that time will exist as a matter

of fact in China. That again is something that I should not have put in exactly that language. We should keep an open mind as to when if ever conditions may be such that it will be in the interest of peace and stability in the world to recognize diplomatically whatever government happens to be in control of the forces of China.

That I think is the preferable position; but in the meantime whenever there does appear to be an opportunity to remove some of the tension from the international situation by discussions, by meetings and by discussions like that which are called for April 26 in Geneva, I think it is only realistic to feel that the government which is in fact in control of affairs in China has to be there if there is going to be anything accomplished that will produce beneficial results.

Mr. Coldwell: Will the Prime Minister permit a question? There was one other matter which caused some concern when he was overseas and that was the reference to the armaments and the supplying of military aid by the United States to Pakistan. There seems to be a conflict in the reports and the inference there was that the Prime Minister gave his approval to United States military aid to Pakistan.

Mr. St. Laurent: I refused to express any opinion. I said that as far as we were concerned no such question could arise, because we had pledged to the NATO organization everything we could do in the form of aid and forces to maintain peace in the world, and that no government that expected to remain the government of Canada should ask for more than had been pledged by us to the NATO organization. I did also say that I felt quite satisfied in my own mind that the aid provided, or that might be provided, by the United States to Pakistan was not designed to be used against India, and that I felt quite sure that had there been any impression that it was going to be used against India there would not be one per cent of the United States people who would have supported it.

Perhaps there is one other point. I do not know that it was raised in our press here—I have not seen it—but there was a question put to me about conflicting reports on something I said in Tokyo as to the neutrality of India in the event of a war there. What I did say was that I did not know whether, in the event of a war, India would remain neutral or not, but that if they did not remain neutral I would expect that they would be on our side rather than on the side of our enemies.

Now, there was another report, and it was an erroneous one, possibly made in good faith. My hon. friends here know the atmosphere of press conferences. It was reported that I said I did not think India could remain neutral in the event of war. No matter what I may have been thinking, I did not say that. I said that I did not know whether India would remain neutral or not in the event of war, but if India found that she could not remain neutral I would expect that she would be on our side and not on the side of our enemies.

Mr. J. G. Diefenbaker (Prince Albert): In reference to the speaking appliance that is in front of me, I do hope that we in this parliament will not decide on broadcasting the sessions of parliament.

Mr. Speaker: Order. I do not think we ought to have the debate drift toward that particular subject, and I would ask the hon. member to please co-operate in helping the engineers of the Tannoy company to see what the experiment is worth.

Mr. Diefenbaker: I do not think there would be very much debate on that subject, having regard to the reaction of the house.

I want to refer first to the debate that took place on external affairs on January 29 and which terminated at the close of the sitting that day. Because the debate terminated that day only six hon. members were able to participate in it. I do not intend to repeat the questions that were asked by me on that occasion, some of which were answered today by the Secretary of State for External Affairs (Mr. Pearson), and some of which were not. The questions that were asked then were; first, what was the nature of the discussions, if any, that took place before the announcement by Mr. Dulles of the retaliatory policy? I think Canadians generally will agree with the attitude taken by the minister that we in Canada will not accept any policy automatically that another nation may enunciate unless we have been consulted. I believe that the minister's declaration that Canada is entitled to be consulted represents the attitude of the Canadian people. Canadians have a right to be consulted. The United States is in the position of a captain of a ship. As with a ship junior officers have the right to be consulted, and their views considered before decisions which may affect the crew as well as the captain are made. I think that with the rather lengthy summary by the minister of the effect of Mr. Dulles' speech on massive retaliation and in the explanation within the last few days, given by Mr. Dulles, many of the fears that were in the minds of Canadians have been removed.

Secondly, there was the question of the recognition of China, to which the Prime Minister (Mr. St. Laurent) made extended

reference today. With regard to the admission of China to the UN, or the recognition of China, I think it is well to look back to what was said by me in the debate in January as to the viewpoint of the Progressive Conservative party. I read from page 1595 of *Hansard* where I said, referring to China:

> Is she to be recognized? Certainly recognition will be hard to justify, however much it may appeal legalistically to students of international law, so long as the people's government continues its program of virtual annexation of North Korea, supplying arms in Indo-China and apparently doing everything it can to spread communism and disruption in other parts of Asia. While it is impossible to say with finality that China should never be recognized, a good case has not been made for recognition. I believe that if Britain and France had had before them in 1949 the situation that we have today, and the knowledge of events that have since taken place, recognition of China would, to say the least, have been delayed.
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> Personally I believe that we should not recognize China at this time. To say that we will never recognize her is to look too far into the future . . . In 1945 or 1946 we might have said that we would never admit Japan to friendship, and that Germany would never again be welcomed back into the family of nations. Events change thinking, but with the world situation what it is I believe that Canada would take a retrograde step should the government feel constrained to recognize China at this time.

That was our attitude then; that is our attitude on this problem now.

Many Canadians were concerned by reports of statements the Prime Minister was presumed to have made on the question of recognition on his world tour. Those words of his, as reported, were incapable of any other interpretation than that given to them by Canadians generally.

Referring to a press report, I find this:

> "We are going to have to admit the present government of China is the government the people want."

Many Canadians took strong objection to that statement. The Prime Minister today has rather altered the interpretation of his remarks on recognition of Red China as spoken by him on two or three occasions during his trip. If his predecessor were in office, I presume, applying the words used on another occasion, the Prime Minister's stand today would be: Not necessarily recognition, but recognition if necessary.

I say to the Prime Minister, that in the words he was reported to have said he could not but have given encouragement to the forces in Red China. The expression of the hope that in the future recognition would be inevitable could not but have the effect of arousing hopes in the hearts and removing the fears of those in control in Red China that whatever their further aggressive action might be that ultimate recognition would be given.

[Mr. Diefenbaker.]

Those words could not have failed to be effective in arousing hopes in Red China that, however unfair and unjust her aggression has been—and is—in Indo-China and elsewhere, ultimately recognition would be granted. And we cannot separate recognition from admission to the United Nations. For, after all, once recognition by Canada takes place, according to the juridical principles of international law, Red China will then be in a position where she will be able to demand admission into the United Nations, or at least anticipate the support of Canada for admission.

My belief is that no international thug should be allowed to shoot its way into the United Nations. Apparently, today the Prime Minister now has taken a stand that is more generally in line with the view that we in the official opposition have taken in the past and adhere to still. No one can say that never will any eventuality take place. As the Prime Minister said, every possibility must be exhausted to the end that peace be achieved. But certainly such possibilities should not contemplate anything in the nature of raising hopes in the hearts of an aggressor nation like China that ultimately out of victory may come admission to the United Nations.

The Leader of the Opposition (Mr. Drew) will deal with this question at greater length when he speaks in this debate. But the views that I expressed in a previous debate on behalf of this party in respect of the recognition of China have not changed, namely that we do not believe there is any case made out for the recognition of China. As future events occur, they will be dealt with as occasion arises. Sufficient unto the day—and we do not intend to hold out any hope to Red China that at some time in the future we will support recognition.

We believe that in a changing world there is no justification for dealing with future eventualities which may be years ahead of conditions prevailing now. We believe that no recognition should be considered, much less contemplated, by the Canadian people now.

I shall now refer to various matters raised by the Secretary of State for External Affairs. I shall deal with them in the order in which he did as closely as I could follow them. Before doing so I wish to make reference to the Prime Minister's trip. I did hope that he would have dealt with the eastern situation; and I would hope that at an early date he will place before parliament his considered opinions regarding eastern questions in general rather than restricting his remarks to the question of the recognition of China.

In my opinion the pilgrimage of the Prime Minister was of unique significance. He went with the good wishes of the House of Commons; he has returned with the same good wishes. He met and talked with leaders in various countries of the commonwealth. He represented Canada, and placed before various nations of the world a concept of the responsibilities and mission of Canada in the world of today.

I think trips such as he took, and as have been taken by other prime ministers in the commonwealth, have an abiding effect in the world in which the major strategy of the U.S.S.R. is to undermine the objective unity of the peoples of the commonwealth, and to drive a wedge between some of them and the United States of America. Without regard to party considerations, when he pointed out the contribution of the United States of America, and when he endeavoured to counteract what has become a strong anti-American feeling in some parts of the world, he performed a service worthy of this parliament.

I refer particularly to the words he used when he spoke before the parliament of India and said:

> We who live alongside this great and dynamic nation know from our own long experience that the United States is the most unselfish country ever to play this role, and that it has no other ambition than to live, and let others live, in mutually helpful international intercourse.
>
> As their neighbours, we have special reason to know and appreciate the qualities of the American people. We in Canada see millions of good people who are working hard and unselfishly to build a good and free society in a world of peace. These people differ little in their essential qualities from the great majority of people in your country or in mine . . .

I believe that that message is necessary. Sir Winston Churchill expressed analogous views when he spoke in the British House of Commons on February 1. There are some "who are always looking around in every controversy...to find fault with the Americans".

That type of anti-American attitude is a detriment to the maintenance of world peace. I do not mean that we should agree with or accept everything the United States may do. Indeed, in so far as Mr. Dulles' declaration in regard to retaliatory action is concerned, that declaration, in my opinion, was dangerous in its implications, and I am glad to learn from the Secretary of State for External Affairs that Canada has taken a firm stand against the automatic reflex policy that was enunciated by the Secretary of State of the United States.

Canadians will not consent to be committed to war on any snap decision made by another country. The Dulles' statement that communism should be met "instantly" with weapons at the place of choice seemed to me to be dangerous in its implications. However, these implications have been watered down by the President's statement that congress must decide, and by Mr. Dulles' statement at a recent press conference which interpreted the meaning of that policy. The secretary of state has said that consultation is necessary. We have learned that within the commonwealth, and that is something that must be learned by the free nations of the world, joined together in a common endeavour and in common ideals.

As the Prime Minister travelled throughout the commonwealth I am sure he must have been impressed by the tremendous power for good inherent in this commonwealth, by the bridgehead it constitutes in Asia against communism, and by the contribution being made by the United States of America in co-operation with the countries of the commonwealth in the preservation of peace.

I came on a constitutional document recently which represents a condition of affairs which is of interest. Our commonwealth is built on a concept of generations of political wisdom based on the trial and error of experience and culminating in the Statute of Westminster. Few Canadians—indeed few Americans, realize that in the year 1775, on July 3, the first pronouncement ever made in all history of the spirit of co-operation and unity with independence then contained therein the embodiment of the commonwealth principles of this day.

In the course of casual reading I came upon a document which was presented to George III in 1775. After the battles of Lexington, Concord, and Bunker Hill, a document was signed which, as Mr. Butler, late president of Columbia University, said, is not known to one out of every million inhabitants of the United States. That document represents the attitude of the American colonies. They sent representatives to Britain to present this document to George III. It is rather a lengthy document and I do not wish to quote from it, but in it they asked for the very principles which were ultimately achieved in the Statute of Westminster. They asked for the right to legislate for the 13 colonies without interference by the mother country; they contended that taxation should be applicable to the 13 colonies only if passed by their governments. That document was signed by 45 of the representatives who one year later

signed the Declaration of Independence, with the exception of George Washington.

The British king refused to see these representatives and subsequently they went before the colonial office, but because it had not been presented to the king they refused to see the representatives of the 13 colonies or give any consideration to that petition. What these representatives, headed by John Hancock who was the first to sign, petitioned for is what has since been achieved within the commonwealth, under the crown: a unity, based on a common heritage, and a common dedication to democratic principles, and the acceptance of the principle that each of the member nations would be master in its own house. When considering the "ifs" of history, if that petition had been accepted the history of mankind might have been very different, for in the year 1775 there was embodied in that petition to the king the vital principles upon which the commonwealth is now based, and the principles upon which we are joined together in the common pursuit for freedom.

The Prime Minister in the statements he made, when speaking in India and in other parts of the commonwealth, asking that the United States be fairly judged, performed a function that only Canada could perform.

The Prime Minister made an explanation of some of his reported remarks during his tour. I hope he will explain what he had in mind when speaking in Bonn. He went further, I believe, than any prime minister has ever gone, and suggested that the North Atlantic Treaty Organization countries might join together in a political organization. I would ask the Prime Minister to advise the house and the country at some time during the debate what, if any, negotiations have taken place to this end, and what ideas he has as to the machinery of government which would permit political collaboration as between Canada and the other NATO countries. These are his words:

> More particularly, many of us believe the peoples living about the great basin of the Atlantic ocean might well seek the solution to their problems of economic betterment, political stability and self-defence in this closer integration of their national resources and of their machinery and government.

Parliament has discussed integration of economic resources and the pooling relationship of member nations in NATO. But until the speech delivered by the Prime Minister nowhere have I heard it suggested that the NATO organization might lead to political integration. I feel that his remarks are somewhat ambiguous in their nature, and deserve to be interpreted and explained so that we may understand exactly what are the implications in that statement.

I return to the matters dealt with by the Secretary of State for External Affairs. He dealt first with the Berlin conference and pointed out his apparent disappointment at its failure to agree to do anything but disagree and to convene a conference in Geneva. I feel that Molotov, by the propaganda speeches he made, succeeded in part in achieving what the minister stated above everything else should be prevented, namely, the driving of any wedge of disunity between the members of the NATO nations.

Each of the free nations must realize that the price of survival for each of us is the unity of all of us. Today, according to the press, the effectiveness of the U.S.S.R. propaganda would appear to be achieved to a degree for France, reliant, powerful and vital at the Berlin conference, as represented by Mr. Bidault, being fearful of a rearmed Germany, is in a position where the European defence community treaty, which has been ratified in recent weeks by several countries, stands in grave danger.

The New York *Times* service today says that France's foreign policy in Europe and Asia appears to be stalled because the French government feels unable to bring the European army treaty to a vote with any chance of success and that the supporters of General de Gaulle, most of whom oppose the European army, have acquired a virtual veto power over any action that might be taken by the present government. France fears, and rightly, from the experience of eighty years and three wars, the rearmament of Germany. United States and Britain favour Germany entering the plan and in order to arrive at a compromise suggested that the rearmament clause should not come into effect until each one of the signatory nations had signed and agreed to the treaty.

Suggestions are being made—and I think the Secretary of State for External Affairs used words that indicate that alternatives are being considered—that there are alternatives to the EDC which are available and ready to meet the contingencies which will arise in the event that EDC is not ratified. The secretary of state said in effect that we hope ere long the EDC or "something like it" will come into existence. It might be well for the minister, when replying, to place before the house and the country something of the nature of the alternatives which will be available to the nations joined together under the European defence community if and provided that ratification by France and

by Italy of the present plan does not take place. Two months ago the minister spoke with a degree of hope that the Berlin conference might achieve something worth while, but his speech today indicated the failure of that conference. It seems that in the last year there has been a softening of the probability of war in a defrosted stalemate of the cold war.

What is the alternative to EDC? The New York *Times* has referred to an alternative plan to EDC on a number of occasions, but that alternative has not yet been placed before this House of Commons. I would ask the minister to set out in detail the meaning of the words he used this afternoon wherein he indicated that if EDC failed, some alternative would be available.

I come now to the question of atomic energy. The minister's remarks with regard to atomic energy indicated that no decision has been arrived at; he posed questions that indicated that the whole question is in a state of "questions unanswered". All of the nations have expressed a desire to do everything possible to avoid the possibility of atomic war. The powerful potentialities inherent in the explosion that took place in the Pacific within the last few days, and which apparently frightened not only the peoples of the world but the scientists as well, demand action in connection with atomic energy.

I should like the minister when replying to answer certain questions. What are our international obligations at the present time with regard to extending present knowledge of atomic energy along the lines of making industry a partner in its development? What are the terms under which an atomic pool is to be set up? What agency is to control the atomic pool? Is that agency to be within the United Nations? Is it to be a veto-less agency so that it will not be emasculated before it is set up? Who is to determine the nations that are to contribute to that pool? Those are questions to which I think the people have a right to have answers even before the general set-up enters the blueprint stage.

Is Canada giving consideration to the British plan as an alternative to the Eisenhower plan whereby an international bank would be set up in which materials and scientists would be available in every country possessing fissionable materials and scientists? Would such an organization be set up separate from the United Nations or within its ambit? These are questions which today exercise the hearts and minds of men, realizing as they do the terrible possibilities of that new hydrogen bomb with the explosive capacity, according to press reports, of four million tons of TNT. Is the minister in a position to say the degree to which the U.S.S.R. has tentatively agreed with Mr. Dulles to certain principles being accepted and adopted to the end that mass destruction of mankind will be avoided and prevented?

One other question was dealt with in January to which the minister has made no reference and which I think comes peculiarly within his competence. It is one that has been spoken of spasmodically in the house, namely, to what degree is Canada willing to trade with the U.S.S.R.? The minister stated today that no possibilities for peace should be denied. I think that Canadians will be in agreement that the proferred hand of friendship in trade should not be turned down without reason. But the experience of the last few years is bound to raise in the minds of those to whom the hand is extended the fear that deception and fraud and not honesty are behind the moves being made by the U.S.S.R. in offering to trade.

There has been little change in the attitude of the U.S.S.R. in the last year. Many felt that after Malenkov came into power things would change for the better. Purges are taking place today on an even greater scale, so far as their leadership is concerned, than during the last several years of the Stalin regime. Stalin's summary of diplomacy still remains as true under Malenkov as it did when he stated that "sincere diplomacy is no more possible than dry water or iron wood."

The people in the western provinces and farmers generally in this country are asking what are the possibilities for agricultural trade. Some argue trade with the U.S.S.R. would afford a means of getting rid of our surplus farm products. What is the attitude of the government with regard to this question? Has the government ascertained, through its representatives in the U.S.S.R., that while industrialization has proceeded apace under the five-year plans agriculture has proven to be a failure? Collectivization in agriculture, according to opinion worthy to judge, has failed in the U.S.S.R. because the vitality of individual effort has been squeezed out by communization.

Records published within the last four or five weeks show that between 1945 and 1952 industrial production in the U.S.S.R. has multiplied. As examples of this, pig iron has increased from 9 million metric tons to 19·4 million; steel from 11 million to 27·3 million tons; coal from 14·9 to 26 million tons, and

oil from 19·4 to 37·8 million tons. While all these advances have been taking place industrially agricultural production has fallen to a level below that of 1928. In the U.S.S.R. cattle production is at least 13 million head below what it was in 1928, and sheep production is approximately 80 million head less than in 1928. So diminished has agricultural production become that at the present time the U.S.S.R. is mobilizing manpower in order to farm an additional 30 million acres.

These statistics indicate that one of the reasons the U.S.S.R. is so anxious to trade is on account of the difficulties inherent in potential hunger in that country, for not only is production far below the 1928 level but the population during the same time has materially increased. I hope and trust that in return for the benefits of the present that are apparent in finding markets for surpluses Canada will not rush into trade with the U.S.S.R. and will give every consideration to the perilous possibilities inherent in contributing in meeting ferment in the Soviet Union to which the Kremlin has found no better answer than more repression and the tyranny of purges.

Summarizing what I have endeavoured to place before the house, I agree with the stand taken by the minister that no nation among the free nations should take a stand which will in any way detrimentally affect any of the other nations in the partnership without consultation, and without full consultation. Canada has a right to have an assurance from Mr. Dulles and the government of the United States more definite and more complete than the conclusions to be drawn from the words used by him regarding mass retaliation instantly to be applied, during the occasion of a press conference.

I think Canadians will expect that the minister at the Geneva conference will not in any way indicate to Red China the hope of early recognition, but will demand the fullest assurances that aggression will be banished by it. As to the question of trade, I fear that the economic advantages of the present will lure many to believe in the necessity or at least in the attractiveness of trade with the U.S.S.R. on the assumption that we can restrict the things in which we trade to non-strategic commodities. In my opinion there is no more strategic commodity in the world than the production of agriculture, for after all, as I am sure the Prime Minister (Mr. St. Laurent) found as he travelled in Asia, the H weapon of communism in Asia is hunger.

Finally, I think the house and the country will agree with the view expressed by him with respect to the need of extending economic aid. Canada's record in this regard under the Colombo plan has not been as extensive and complete as the challenge of the times demand. Twenty-five million dollars is scarcely in keeping with the challenging possibilities in Asia. Twenty-five million dollars is but a drop in the bucket. It is a token amount and does not indicate the necessary degree of comprehension of the possibilities of economic aid in halting the advance of communism.

So far as the other matters dealt with by the minister are concerned, several members of this party will speak, and in particular the Leader of the Opposition who will speak with the authority of his position. Let this be clear that upon one thing we are agreed, that this is no time to play with the problem of recognition of China. This is no time to give a fillip to communism in Asia by giving communism to believe that aggression will, if not rewarded, at least will be considered as worthy of recognition in the international world of the present.

Mr. M. J. Coldwell (Rosetown-Biggar): Mr. Speaker, this debate has given hon. members the opportunity this afternoon of hearing both the Secretary of State for External Affairs (Mr. Pearson) and the Prime Minister (Mr. St. Laurent), and I feel that a debate of this description, when the external affairs estimates are being sent to the committee, serves a very useful purpose. In the debate which took place at the end of January various groups in the house were able to express some of their opinions. I am quite sure the Secretary of State for External Affairs and the Prime Minister are cognizant of these facts.

All parties in this house believe that we must continue to co-operate with our friends to promote collective security in every sphere possible. I join with the hon. member for Prince Albert (Mr. Diefenbaker), the Secretary of State for External Affairs and I am sure the Prime Minister as well, in saying that if we are to have collective security and are going to have collective action following that collective security, whether it be economic action or any other form of action, then that collective action must be preceded by comprehensive consultation.

It is for that reason that I think most people in this house and in the country who were following international affairs closely were alarmed at the statement attributed to Mr. Dulles. I join with others in saying that the clarification the Secretary of State for External Affairs has been able to place before the house this afternoon is encouraging and helps to remove some of the misgivings. It sometimes seems to me in dealing with our powerful neighbour to the south there are

so many views expressed by so many different people it is difficult at times to tell what the view of the United States government really is. Fortunately, we have not the same system in our country. Here, we have collective responsibility on the part of the cabinet and consequently we know from time to time where the government stands on these important matters.

I, too, join with others in regretting that the Berlin conference was not more successful in bringing about a peace treaty for Germany and in bringing peace to Austria. I agree that it is essential that Germany shall sooner or later be unified. I agree also it could not be unified on the basis suggested by the Soviet union. One of the first prerequisites to the unification of Germany is that the German people should be able to choose their own government freely in a democratic way. I believe that goes almost without saying. I hope that the forthcoming conference at Geneva will bring some real results. My criticism of the government from time to time has been one that I am going to repeat this afternoon.

I feel that from time to time the government does not take a sufficiently positive attitude in connection with some of these matters. We seem to drift along. Before the first world war, and at least to some extent before the second world war, we rather blindly followed the foreign policy laid down in the United Kingdom. It seems to me we have got to beware now lest in our friendliness for the United States and our admiration for the people of the United States we allow ourselves to be in the position of a follower of United States external policy. I believe we have to beware lest we fall into that trap. It is so easy, with a country with contiguous boundaries and in some respects with the same kind of institutions and approaches to problems, to follow along rather than from time to time take a positive position and be outspoken. The Secretary of State for External Affairs did perform a useful service both to this country and the democratic nations when he spoke at Chicago recently and made the statements and the criticisms that he made there.

May I come at once to this question of the recognition of China. Hon. members know that in 1949, before the Korean aggression, our view was that we should have recognized the fact there was a government in control of the mainland of China. It was at that time the United Kingdom and India both recognized that fact. I was under the impression then we were about to do the same thing, but we did not do it. Then aggression occurred in Korea a few months later. I quite agree that when there was a Chinese army actively fighting in Korea the recognition of the government at Peking was out of the question at that time. Now, however, an armistice has been signed and we are going to negotiate with that government. We are going to negotiate with their representatives.

If I had been building up the case for the recognition of this new government of China, I could not have done better than the Prime Minister did this afternoon. He marshalled all the arguments in favour of the recognition of the government of China because as he said, whether or not we like that government —and I do not like its ideology—we have to recognize as a fact that is the government with which we have to do business. It does control the mainland of China. How it controls the mainland of China is a different question. From time to time we have recognized revolutionary governments. Some of them have been communist governments, and as an example I cite the government of the Soviet union.

You have a government in control of the Chinese mainland, with its teeming millions, with whom we are going to negotiate at Geneva, and yet we say we do not recognize the fact that government is there and in control. While I think we should make it abundantly clear that we do not agree with the ideology or the method of achieving power adopted by that government, nonetheless we recognize we have to negotiate with it and we recognize that government is a fact, whether or not we like it. Consequently, without approving of the government, its ideology or anything else connected with it, and having to negotiate with it, I think that by inference negotiation is a recognition of the fact that it is the government of the mainland of China. I thought this afternoon the Prime Minister built up a very strong case for recognition and then he rather shrugged his shoulders and backed away from it.

Let us hope that the danger of the extension of the war in Asia is lessening. Let us hope that the tension in the world has decreased. I believe there are signs that it has. It seems to me that anything Canada can do to reduce the remaining tensions, and they are many, we should undertake. It was for that reason that I rose this afternoon to ask the Prime Minister about the reported statement he had made concerning United States military aid to Pakistan. After all, the position in India was quite clear. Mr. Nehru and the government of India were alarmed lest this might be an armament of Pakistan that would cause greater tension between the two countries, though not necessarily leading to hostilities between them.

It seems to me we have got to pay all the attention we can to the opinion of some of these Asian countries. It is there we find the teeming millions for whose minds, and whose souls if you like, there is a struggle going on in the world today. Anything that the United States or any of the western powers do that alienates public opinion amongst these teeming millions in Asia, and perhaps particularly in India, is a danger to the future welfare of mankind.

I want to say a word about something mentioned by my hon. friend and the Secretary of State for External Affairs, namely, the alarm that has been caused generally all over the world by the events of March 1, when this great new hydrogen bomb was exploded in the Pacific ocean. Indeed, we are told that within the course of the next month or so it is planned to explode a hydrogen bomb with power some four times as great as the bomb that was exploded on March 1. Editorials are appearing today—one of them was mentioned over the air—in some of the great British papers as well as in Bonn and in France and in our own papers, pleading with the United States not to carry out that plan. Already the view is taken that the United States' scientists should know enough about this terrific weapon, which in the words of Mr. Eisenhower yesterday seems to have got out of hand, to be warned that dreadful results might follow the explosion of a bomb four times as powerful as the one that was exploded less than a month ago.

In the *Globe and Mail* of today there is a very significant editorial; in fact it is one of the strongest editorials in its language that I have read in any Canadian paper for a long time. While frequently I disagree with the editorials in the *Globe and Mail*, yet I feel that this editorial does bring before the government a problem upon which the government might feel constrained to speak, I mean to speak through the usual diplomatic channels to our friends in the United States. I say: "Our friends in the United States". I do not think that some of the people in the United States who are so outspoken and belligerent represent the people of the United States. In the main the people of the United States are, as the Prime Minister said in Pakistan, a friendly people, generous in every particular, and they are no more desirous of causing international tensions, difficulties and war than any of the rest of the peaceful nations of the world. We owe a great debt to that type of United States citizen, who from time to time has taken the lead in relieving distress here and there across the world.

I do not regard Senator McCarthy and some of the other people in the United States as representatives of that great country, but I say to the Secretary of State for External Affairs, since we have a long coast line on the Pacific we should be interested in what is going on in that ocean. I propose to read just a paragraph or two from this editorial to indicate the things that I think are pretty widely held, following the events of recent days and the explosion of this powerful weapon. This is what the editorial says. Incidentally, it is headed: "Not an American lake", and by coincidence, I am sure, the London *Daily Herald*, so the radio said today, has a front-page editorial headed with exactly the same words: "Not an American lake". The first paragraph reads:

> It is no doubt necessary and desirable that American technicians should discover by trial or error the explosive power of the latest type of atom bomb or hydrogen bomb. Science, if the invention of these new atrocities can be dignified by the name, must proceed without interruption even though it may cause discomfort here or there. Still, it seems reasonable to suggest that the American experimenters should pay some regard to the lives, health and livelihood of people who may be within range of their infernal machine, an antique phrase which has acquired a new aptness.

Then the editorial goes on to outline the effect of this new bomb upon Japanese fishermen in the vicinity, 70 miles away. Some stories tell us today that the lives of these men are in danger. After going on and outlining what happened to the Japanese the editorial says this:

> It is reported from Washington, and to a large extent confirmed by President Eisenhower himself, that something went seriously wrong with the Bikini experiment; that the results of the blast were much greater, and extended much further, than anybody expected. How long can the world tolerate these lethal antics?

These are strong words but they are words that are deserved. Then, after explaining that some warning was given to ships in the vicinity, it says this:

> Since when has the Pacific ocean become an American lake?

I am not going to read much more of it. It is all along the same line, and it ends up in this way:

> It is fantastic that in peacetime the United States should expect other countries to concede an American right to rope off a vast section of the high seas, in the Pacific or anywhere else, for the purpose of producing explosions.

The editorial also draws to our attention that even in the heyday of British naval power, when people used to sing with gusto: "Britannia, rule the waves", never did they try to rope off an area of the great oceans for any of their purposes.

The Secretary of State for External Affairs and the government should make

immediate representations to the United States, urging the United States not to undertake these experiments in the Pacific ocean. The editorial suggests that other areas of the world might be found; for example, the Antarctic region or the far-distant Arctic regions, and it says that perhaps it might serve some useful purpose in melting some of the ice in these regions. But in any event it is certain that the world is revolted by what has happened in the Pacific ocean and is alarmed lest a further experiment with dire results should be undertaken.

This brings to my mind the peril to the world that a new war would bring. That is why I suggested when I spoke in the external affairs debate in January that no matter how small the area of negotiation would seem to be that was possible upon which to negotiate with those behind the iron curtain or in the communist countries, we should negotiate with them. I was very glad indeed, although the Leader of the Opposition (Mr. Drew) spanked me for saying that on January 29, that the hon. member for Prince Albert made the suggestion in another form when he said that if the hand is stretched out we should grasp it to the extent that we can do so. That was a good way of putting it. I think we should.

As far as the areas of negotiation are concerned, they may be very small, but every small dispute that is settled may be a step toward a better understanding. Let us remember that over the centuries our forefathers faced situations of this sort. You have only to read the speeches in the *Hansard* of Britain, following the French revolution, to learn that very much the same kind of things were said then that are being said today in relation to recognizing and trying to negotiate with iron curtain countries. When Cromwell was in power in England, and executed a British king, some of the things that were said at that time by the countries adjacent to Britain of the regicide and of all that he stood for could be used today in this house very much along the lines that such words were used at that time.

So we must not forget that we have to view these events somewhat in the perspective of history. We have got to try to settle disputes; we have got to live with these people—or we have got to exterminate them, or they have got to exterminate us. I say we have to live with them. And, step by step, perchance, as in centuries before, gradually they may come to a more reasonable attitude and a more democratic way of doing things. We may be able to associate with them on a better footing.

I wanted to say those things this afternoon. Then, as I said a moment ago, we have to think of what war would mean to this country, if it came. We hear the belligerent statement made at times: "You must not deal with these people, under any circumstances; you must keep them apart." What is the effect of that? Well, the end of that, I suppose, is war. And if there is one country just now which has a stake in the peaceful negotiation and peaceful settlement of differences between these giants, if you like, the United States and the Soviet union—the two sides in this cold war—certainly it is Canada. We lie between them. With the dreadful weapons of war now available we know what the end would be of some of our Canadian cities.

This is not the place for me to question what means of defence we have. I do not know. This House of Commons does not know. We do know we are spending great sums of money on defence, but we do not know what those defences are. I am one who believes that under certain circumstances either the House of Commons or a committee of the House of Commons should sit in camera and be informed. I do not know whether we have an effective radar screen; I do not know whether we have effective interceptor aircraft. I know we have sent a lot of them overseas; but what have we here in Canada? What would we have if there were an outbreak of hostilities?

It may be said that I do not expect an outbreak of hostilities. No, I do not; but, like everybody else, I am human, and my judgment may be at fault. It has been at fault before, and it will be at fault again. That applies to every human being in the world; and we cannot pass up any opportunities to see that our country is properly looked after.

This afternoon the Secretary of State for External Affairs mentioned the European defence community. I, too, am disturbed by some of the reports coming out from Paris respecting the political difficulties in that country, and the fact that the government is unable to get any decision one way or another from the legislative arm of government in that great country. But, Mr. Speaker, I have a very considerable amount of sympathy with France in the position she is taking at the present time. For after all we have to remember that in the 25 years between 1914 and 1939 or 1940, France was invaded twice by Germany. She was overrun twice; the flower of her manhood was destroyed in war. Her age-old monuments and many of her churches were destroyed;

her countryside was ravished. Her people were brought into subjection by a powerful Germany.

I can understand the French position. I can understand the French, when they see these pressures put on them to co-operate and to allow Germany to rearm. I can understand their being in mortal terror of what may come to them in the future if Germany does rearm. And when we read, as no doubt they have read, that many of the leading nazis are taking active parts both in government and in urging rearmament in that country, we can understand why it is so difficult to achieve this European defence community.

I am personally of the opinion—in fact I believe I speak for my colleagues in this regard—that we cannot see an independent, rearmed Germany. We cannot see a German army, under a German general staff, not only because of the danger to France but because of the danger to the world—and because of our experience in two wars.

Of course we cannot forever expect the western powers to defend western Germany. If plans can be devised to integrate German manpower into a western army, but not under German military control or under former nazi officers or non-commissioned officers, then of course there is a possibility of finding a way out. But so far as we are concerned, there can be no question that we do not go along with the idea that there should be a German army, under German control, integrated into the European community defence system.

That, I think, is the fear of France. And I think France has another fear, too: that if you build up a German army in western Germany, the day may come when the army that has been built up in eastern Germany may join with the one in the west and, once again, we will see a powerful military machine in the very heart of Europe, ready to take sides, and, perchance, to take sides with the nation that will give the best deal, if that best deal would promote the interests of a new German nation. So when we are talking about the European defence community do not let us be impatient with France. Because, as I said, I have very considerable sympathy for the French point of view in this regard.

Then I should like to say just a few words about trade. Mention has been made of this subject this afternoon. I think whenever opportunities for trade present themselves we should take those opportunities, provided, of course, that it is not trade, from our side at least, in strategic materials. I was surprised to hear the hon. member for Prince Albert at least by inference describe food as a strategic material. I would not deny the people of Russia food, if they were starving; neither would I deny food to the people of any other country. Food is a strategic material—and perhaps the hon. member meant it this way—in the sense that we should be using our great surplus of food so that it can be placed in the Far East, or elsewhere, to help assuage the hunger of the people in those areas.

But, in the connection in which it was used, it certainly gave me the other impression. I think whenever we can trade with China, or with the Soviet union, or with Czechoslovakia, or those other countries, we should do so. We trade with Spain, and Spain is a pretty complete dictatorship, achieved by revolution. There is very little freedom for the people in Spain, but we do not hear much about that. There is very little freedom of thought in that country under General Franco. But we trade with Spain. Indeed, we do not ask, in many parts of the world, when it comes to a matter of trading relationships, what kind of governments they have. After all, trade may lead us to a better understanding.

And I am not afraid of these people. I think that if democracy means anything to me, then it means that we have something better than communism can ever offer us. I am not afraid of it. I am not afraid when it is suggested that we get a few musicians in here to play their music in Canada. Surely to goodness we need not be afraid of a few musicians who would bring their instruments into this country. In Great Britain they are not afraid. Surely, with the same type of democratic institutions and the same type of democratic people, we do not have to be afraid of allowing a group of musicians into our country to play for us or to dance for us, or something of that sort.

Indeed, cultural relationships may assist very greatly in bringing about understanding, because art and music are not things of a national type. These are international things and perhaps we can speak, through music and art—

Mr. MacInnis: You know what the Scots did to the English with the bagpipes.

Mr. Coldwell: Well, of course, under our old Tariff Act the bagpipes were never regarded as an instrument of music; they were regarded as an instrument of war. At times, I believe, they were a very effective instrument of war. I see some Scotsmen in the house looking rather sternly in my direction. I can assure them that if I said anything offensive I quickly apologize and withdraw, because I have a very great admiration for my Scottish

friends. After all, they have ruled my fellow countrymen for some generations and we have not done too badly under their rule.

But I wish to say, as I have so often said in the past during debates of this kind, that I believe the most potent weapon we could use in defeating totalitarianism, whether of the fascist or communist variety, is the weapon of technical and economic aid. I believe we can do more through these channels to raise the standard of living in many countries than we have done in the past. The hon. member for Prince Albert recognized this afternoon that poverty provides the seed-bed for communism, as it did for fascism between the two wars when fascism gained control in Italy and nazism gained control in Germany. They gained control in these two countries largely because of the mass unemployment, and the suffering and poverty which existed in these countries. History can repeat itself in many parts of the world, and in these countries again, not so much in Germany now, but particularly in Italy. And it can certainly repeat itself in the Far East.

I believe more can be done through the United Nations organizations in giving technical aid. I would like to see our appropriation much greater than it is at present. After all, the total appropriation for the United Nations technical aid is less than the appropriation we make under the Colombo plan. That is not a reflection on the United Nations, but I believe we are not appropriating enough even under the Colombo plan to do the kind of job we are doing.

I have said this so often that I hesitate to repeat it. But in this battle for the minds of men it is vital that human welfare and human freedom should be safeguarded, for in this battle the hydrogen and atomic bomb will not settle the matter, nor will it be settled on the battlefields of the world by armies with tanks. It will be settled ultimately to the extent that we can bring not only Christian principles to bear, but the principles of all great religions, the principle that this is a great human brotherhood and that it is our duty to raise the standard of living and to assist the welfare of mankind wherever mankind may be.

Mr. Low: Mr. Speaker, do you wish to call it six o'clock?

The Acting Speaker (Mr. Applewhaite): Is it agreed that we call it six o'clock?

Some hon. Members: Agreed.

At six o'clock the house took recess.

AFTER RECESS

The house resumed at eight o'clock.

Mr. Solon E. Low (Peace River): Mr. Speaker, on January 29 I spoke at some length in the external affairs debate that was launched by the minister on that date. I then gave a fairly full statement of our position with regard to the important issues confronting Canada and the free world. Consequently I would not feel that it would be necessary for me to speak at any length tonight. Nor do I propose to repeat the things which I said on that earlier occasion. There are, however, some matters that have been raised by the Secretary of State for External Affairs (Mr. Pearson) today, one by the Prime Minister (Mr. St. Laurent) and some by the leader of the C.C.F. with which I should like to deal briefly.

I always hesitate, Mr. Speaker, to speak on some of the complex international problems because most of us really know little about them except, of course, what we read in the papers and magazines; and if we followed them too closely I suppose we would find ourselves in the same kind of trouble as that in which the Prime Minister found himself, and more often. I look upon the views that we read in the papers only as the expressions of opinions of men. They are not supposed to be facts. One of the best evidences in the world that they are not facts is that I find them to be so much at variance with one another; and because they are at variance it is dreadfully hard to get at the truth. The situation is so confused and so full of emotional hysteria that one is apt to find himself blown this way or that by the winds of controversial doctrine into worse confusion if he is not on his toes.

We ordinary members of the house have not much fundamental and reliable information upon which to base judgment about some of the complicated phases of world affairs. We can hardly be expected to have those facts until we are given a chance to question the minister and his officials from the external affairs department who are called before us in the external affairs committee. That is why I welcome the reference of the departmental estimates to the committee. In that committee we have a chance to get some facts, explanations and expert opinions to go on. I only wish we could have these debates after we have finished with that committee. However, on an occasion like this when it was necessary to create an occasion on which could be made an important statement like the one made by the Prime Minister today, I cannot blame anyone for bringing on the debate.

The only alternative, of course, that we ordinary members have—and I say "alternative"—to the inquiries that can be held in the external affairs committee, would be to travel widely, to go to the countries involved in the world problems and have firsthand inquiry to find out for ourselves if we can. But we cannot all go on extended journeys. Consequently we are obliged to depend on the Prime Minister, the Secretary of State for External Affairs and his officials to give us as truthful a picture as they can of affairs so that we can form some kind of balanced judgment when it comes time to make decisions.

I listened attentively today to the minister as well as to the Prime Minister, the hon. member for Prince Albert (Mr. Diefenbaker) and the leader of the C.C.F. I am not being overly critical at all when I say this, but as I listened to the minister's speech I certainly could not help feeling that it was a very melancholy one. In fact, he used that very term to describe the outcome of the Berlin conference. There seems to be little light at the other end of the tunnel when the minister, to use his own words, feels it necessary to warn the Canadian people that it is a melancholy fact that in the world in which we live it is a step forward to remove false hopes. When we have to restrain undue optimism—and there again I think I am using a term that the minister used this afternoon—about a conference like the Berlin conference about which very few thinking people, if any at all, had any optimism, then I think that things are not very bright, to put it more conservatively than even my friend the leader of the official opposition would express it.

There seems to be little or no change in the basic foreign policy objectives of the Soviet union. The minister reiterated that statement this afternoon. On the earlier occasion I think he made the statement almost in the same words. As a consequence, I think we should never lose sight of that important fact. We should also never lose sight of the fact that the objective of the Soviet union is to confuse the nations of the world; to break up alliances of free nations; to turn allies against one another; to sow the seeds of suspicion, hatred, bitterness, strife, discord and hysteria amongst people everywhere and to promote conditions which would make it possible for them, when they think the time is right—and when I say "they", I speak of the communist imperialists—to walk in, take over and dominate the world by force. Let us never forget that purpose that was described to us by the minister on other occasions and reiterated this afternoon.

I think we must also always bear in mind the fact that there are in the world only about five million members of the communist party. Sometimes we overlook that fact. There are not more than five million, at any rate, if there are that many. They think they are working for communism. They are dominated, led and trained, not by communists but by diabolical fascist dictators who are nothing but imps of satan who have convinced their followers that men are gods and that, as gods, they can remake the world. That fact accounts for the zeal they portray. That fact tells us why they are ready to work twenty-four hours a day if need be in order to achieve their ends; and they do it in many countries, including our own. Just think of it! There are only five million communist zealots but there are hundreds of millions of freedom-loving people who are carrying the yoke of these evil men; and these hundreds of millions of freedom-loving people are living for the day when they can once more be free. Let us never overlook that fact.

This afternoon the C.C.F. leader said that we have got to live with the communists. I ask, "Is that right"? He says that the only alternative is to exterminate them or to be exterminated. In the light of these things, what should our policy be? Should it be our policy to resign ourselves to the hopeless future of trying to live with the devil himself? Or should it be to take the view that we must keep alive everywhere the spirit and the will to freedom and to look forward with faith and confidence to the day when the people of every subjugated nation will rise up and throw off the yoke of bondage.

Of course it would mean the extermination of the venal tormentors and betrayers of humanity. Certainly it would, but better a few men should perish than that the whole earth should waste. We have to keep that in mind. I have not heard any sorrow expressed over the fact that the present regime in China has exterminated so many helpless freedom-loving Chinese people. I have in my hand a copy of the March 20 issue of the *Ensign* and I should like to quote one or two extracts from an article entitled "Reds See China as Springboard" specially written for the *Ensign*. I particularly want to quote some words of Dr. Stephen C. Y. Pan, who is director of the institute of Far Eastern studies at Seton Hall College, New Jersey. I take it that a man who is director of Far Eastern studies in a university of the calibre of Seton Hall

would know something about the Far East and would have some idea what he is talking about. At any rate, he said:

> The bamboo curtain is not too impregnable and those of us who have contacts inside China today do not have too much difficulty in knowing what is happening there, even if one cannot do much to help the people at the moment.

He went on to say:

> The reasons why it is obvious that big things are planned for the very near future in China are ten in number and are based on the most recent information from China itself.

Then he lists the ten reasons, but I am not going to weary the house by repeating them. I was more interested in two or three very short extracts concerning conditions inside China. He said:

> North America is still dreaming that time is on the side of the United States and Canada. It is definitely on the side of those who can use it and every indication exists that Moscow is using every second in really building up one of the world's most formidable military forces ever in existence in Asia.

He went on to say:

> To talk of a defection of Mao Tse-tung from Moscow is another dangerous dream and delusion. Mao has to go with Moscow because he has betrayed his people and therefore can no longer go with the Chinese. Besides, he is a sick man and of comparatively little importance except as a figure-head. The real power is the viceroy of Moscow in Manchuria, Kao Kang.

Then I should like to read the final paragraph, and I want hon. members to listen to it particularly. Dr. Pan said:

> Incidentally, the figure given by the United States state department that the communists have killed 15 million Chinese since taking over is an understatement. Why not take Chou En-lai's own figures? He stated last year that no less than 30 million "imperialists, landlords, counter-revolutionaries, spies and the like" have been liquidated. He should know.

I quote these words of Dr. Pan to indicate to the house the kind of liquidation that goes on within communist countries. When we think in terms of what the hon. member for Rosetown-Biggar (Mr. Coldwell) said this afternoon, that we have to live with them, I ask hon. members whether the alternative of liquidating those who are perpetrating this thing upon mankind or to be liquidated would be such a terrible future to contemplate compared with the future that these Chinese people have to contemplate. I repeat that we must keep alive the spirit of freedom everywhere, and by everything we do and say to hold out hope that one day men in these subjugated nations can again be free. We may have to bide our time in some respects, but the issue is as clear as day and the outcome, in my judgment, as sure as life itself.

There are flames that can lick the iron curtain and the bamboo curtain and any other curtain that may be put up by evil men. All men of good will readily admit that they are against grafters, gangsters and communists. They will admit that, but I say that it is not enough just to be against evil. I am with those who say that the only thing for us to do is to be for the answer to evil. If we are going to be for it we cannot just sit by and say: Oh well, we will have to live with it. Not by any means.

To me the answer is not one great big blazing action, such as might be brought on by atomic war, but many little actions, perhaps millions of them, fought on many different fronts usually by little fellows; the little, unsung, individual people like you and me who are given to faith and who think like giants. These are the people who are going to fight these actions. These are the people who are going to save this old world. If there is anything that we should remember at this time when we are talking about China it is what one old Chinese philosopher said, that if there is righteousness in the heart there will be beauty in the character; if there is beauty in the character there will be happiness in the home; if there is happiness in the home there will be strength in the nation; and if there is strength in the nation there will be peace in the world.

The Chinese philosophers can teach us a good many things. From them we certainly can learn that if we want peace in this old world we have to start right here in each one of us and each individual has to take his share of responsibility and do his best. The important best that he can do is to keep alive the spirit and the will to freedom and independence, not to talk as if we have no hope left.

Speaking of Chinese philosophers brings me to China and the question of the recognition of China. I felt sorry for the Prime Minister this afternoon. I think he was thrust into a very difficult position by the newspaper people who all too often thrust men into almost impossible positions by their thoughtlessness. I am not saying that they were entirely thoughtless in this case but they are not careful enough to get at the truth.

Mr. Fulton: I think it was the Prime Minister who was thoughtless in this case.

Mr. Low: I am not even trying to come to the defence of the Prime Minister on this occasion, but I am saying what I believe. As a consequence of quite long experience I believe that if newspaper people would make a little more effort to be accurate and truthful they could save these waves of hysteria and

misunderstanding, but they are too anxious to get there first with the most startling and sensational. That is the trouble. I think we have to understand that.

I have expressed our view on the matter of recognition of the communist regime in China on several different occasions, and I am going to express it again tonight. I do not agree for one second with the leader of the C.C.F. party. He softened considerably in what he said today compared with what he said over the air on the 23rd of March. If we were certain that the people of China wanted the government they have it might put a different complexion on the matter. So far as recognition is concerned, I do not consider that it is recognition in any accepted sense of the word to negotiate with them as we must negotiate at the conference in Geneva.

Why, of course, we have to negotiate. In my opinion recognition means exchange of diplomatic representatives. It means allowing them to send their diplomats into this country and, if they wish, to set up consulates in every city, town and village from St. John's, Newfoundland, to Victoria, from which they can launch their nefarious practices of propaganda and espionage if they so desire. That is what diplomatic recognition would convey.

I believe, Mr. Speaker, that the time may come, and probably will come, when we will have to recognize the government of China. I am not speaking of the present regime, although even if that regime were there and the people of China indicated that was the government they wanted and were determined to have, then of course I do not see that it would do any good for us to stand up in this house or anywhere else and say we would not recognize them. We have to be sensible about it in every respect. But certainly we should not at this time think of exchanging diplomatic representatives with them and giving them *de jure* recognition. I am speaking, I believe, for the group which I represent in saying that.

Here again, Mr. Speaker, one of the considerations that we ought to keep in our minds is that we owe something to the people of China. You know, for a great many years the people of China were our friends. I have strong feelings today they are still our friends, if they could get through to us and we to them. We did not do our duty by the Chinese people. We stood by while venal men pushed China into the control of the communists. In many ways we have condoned the actions of these men. Our newspapers, for example, have done their level best over the years, all the time that action of pushing China into the arms of communist Russia was taking place, to tell the people of Canada and the United States that Mao Tse-tung and his people were not communists but were merely agrarian reformers. They did their level best. Of course, everyone with a lick of sense today knows that is not true, and they have known it for some years. We still have some of these editorial writers, however, who act as if they do believe it.

In my judgment what we must do today is to make certain that by no action of ours do we contribute to the sense of hopelessness in these people in China, that sense of hopelessness that destroys the spirit and the will to freedom. I am satisfied that they will react to sympathetic understanding from us. They will react favourably to any help we can extend to them in even a small way. Some day they will rise and throw off their yoke. The seeds of self-destruction are inherent in evil things, and they certainly are in communism.

I was in Washington in early February, and listened to a speech made by Walter Judd, a member of the United States congress. He told of a journey he had just completed around the world. He had gone into practically every one of the Asiatic countries, and had talked to the people on the street wherever he could go. He brought back some very interesting convictions. He said that the Asiatic peoples expressed gratitude for the things the western world has done for them and particularly the many material things the United States has sent to them. However, they hesitated to accept other offers of assistance because they were afraid the West might want to help them to death, as they so often had.

Too often when we have moved in to try to help these people we have been like the camel who drove the Bedouin out of his tent; that is our trouble. As a consequence, these people feel they have been betrayed; they feel they have been let down. They are just a little wary of expressing faith in us and our good intentions. It is quite true, Mr. Speaker, that so many times we in the western nations have used the peoples of Europe and Asia as pawns that they have lost faith in us. I say we must regain that faith by establishing that our word is as good as our bond and that when we undertake to do a thing we will fulfil our commitment 100 per cent. That is the only way we are ever going to regain their good will and their faith, and they must have faith.

I should like to say just a word about the Geneva conference. I do not know how much hope can be placed in it, but I am willing to put every bit of faith I have in the outcome. I do hope that something can come

out of the Geneva conference, and particularly that things can be clarified. I sincerely hope that France will be able to go to that conference with considerably more strength than she seems to have now. If she is in a position of strength to negotiate, perhaps we might be able to see peace in Indo-China. We sincerely hope so.

With respect to the matter of the European defence community, the minister said this afternoon that the UN is not effective enough as a deterrent to aggression and as a consequence we have had to fall back on regional pacts such as NATO, EDC and others. I believe that is right. It is unfortunate that the UN has been ineffective as a deterrent to aggression. I believe such things as NATO and EDC are things we must support. Let us sincerely hope that EDC is ratified by France. There is one thing I should like to say by way of warning. As we develop NATO and EDC, let us never fail to keep in mind some of the dangers into which we, in Canada, can get ourselves.

Here is a situation that perhaps the minister can explain to us. This afternoon he did not say anything about the Middle East, and today the Middle East holds a tremendous amount of interest for the world. If he had time one could speak of the difficulties between the Arab world and Israel. Upon the outcome of that problem hangs some measure, it seems to me, of the peace of the world. The thing that is in my mind at the moment is this. Pakistan has been having trouble with India for quite some time over Kashmir. I understand the situation there is not quite as acute as it was, but it has been fanned into something like acuteness of late by the fact Pakistan has accepted arms and assistance from the United States. India does not like that. In order to strengthen herself Pakistan has recently concluded a non-aggression pact with Turkey.

Turkey is a partner in the North Atlantic Treaty Organization. I am just asking what would happen in case something flared up between Pakistan and India over, let us say, Kashmir, and Pakistan called on Turkey to fulfil her obligations under the non-aggression pact between them. If Turkey did, where would Canada be? What kind of decision would we have to make? We would be under the obligation of deciding at once whether we would abide by the terms of the NATO treaty and thus come to the help of our ally Turkey, and in that case probably be fighting our sister in the commonwealth, India, or whether we would forsake the NATO alliance and stand by India.

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

Mr. Low: Yes.

Mr. Philpott: Surely he knows that one of the very specific terms of NATO is that the obligation under NATO is confined to territorial attacks in European areas of NATO, as the Prime Minister made very clear in India.

Mr. Low: I understand that perfectly, but do the people in Turkey, and do the people in Pakistan understand it? That is the question. To get them to understand is quite a problem. Those alliances within alliances have the habit of expanding, being misunderstood and being interpreted in different ways. I say that while I do not see any immediate danger, I am just pointing out by way of argument and warning what could happen if we continue to expand these intra-non-aggression pacts and all that sort of thing as a substitute for the United Nations. These are important things for us to keep in our minds. I just want to say at this point, also, as a substitute for the British commonwealth which has over the centuries been the greatest force for peace that the world has ever known.

I hope that it will be possible for EDC to be built up and to be ratified, because it is one of the only guarantees we have for western Europe to be able to defend itself against the dangers that threaten from the east. Before I conclude, Mr. Speaker, I should like to say a word about a matter that was raised in this house by the hon. member for Rosetown-Biggar. He raised a question about the withdrawal of certain pamphlets that were put out by the United Nations in the province of British Columbia. He said that he was disturbed to see that one of the departments of education, that is in the province of British Columbia, had withdrawn from circulation among the schools the United Nations' association monthly bulletin. He continued:

> The bulletin, which has been circulated in all the provinces, including British Columbia, is now being withdrawn, according to a statement emanating from Victoria.

Well, as usual, some of the members of the press picked that out and played it up. One of them was a man by the name of John Stevenson. I do not believe I have ever seen the gentleman, but writing under the heading: "Ottawa Letter" in *Saturday Night* of March 6, he had this to say about it:

> Nor has the prestige of this party been enhanced by the silly performance of the Social Credit ministry of British Columbia, in giving vent to the party's traditional dislike of international organizations of all kinds by banning from circulation in the province's schools literature of Canada's United Nations association.

That is a fair example of what I was talking about a few minutes ago. Here is a man who did not take the slightest trouble to find out the truth. He did not make the slightest effort to get at the truth of the matter. He simply picked out something that he saw somewhere in the press and then wrote it up as if it were fact, and used some very strong words which were not true. I want to give the facts about this just to show how wrong these men were. I hold in my hand a statement of the minister of education from British Columbia who says that the—

—charge that United Nations bulletin banned in schools in this province is completely false. No such ban exists. During the current year ending March 31, 1954 educational estimates did not make provision for furnishing pamphlet to schools as in previous years but schools and teachers were advised of subscription rates and have been free to subscribe to this as they are to any other publication. Current estimates have been considered in the light of the United Nations association's request to make provision for bulletin during next fiscal year.

It is signed by R. W. Bonner, minister of education. I felt it was desirable to correct that unfair and incorrect statement on the floor of this house, and the statement in *Saturday Night*, and since it deals with the United Nations I felt that I was perfectly justified in doing so. I abhor these senseless attacks that indicate the writers do not take the trouble to get at the truth.

In conclusion, Mr. Speaker, may I just say one word in regard to assistance to people in other lands, to underdeveloped countries, to underprivileged peoples. I am in sympathy with the idea of enlarging as far as we can the contribution which we make. I have supported the contribution Canada has made to the Colombo plan and the Point Four program and the technical assistance program. I feel that these things are justified, but there is one thing I believe we have to keep in our minds. It is not the material assistance that we can give to the people in other lands that is going to count in the long run. The best help that we can possibly give to these people is that which will help them to help themselves.

What we have to do is to get across to these peoples the idea that what we in this part of the world enjoy today, we enjoy very largely as a result of the philosophy we follow. I am not speaking now of any particular political party's philosophy at all, I am speaking of the philosophy we follow as free people, the free enterprise type of philosophy that we have followed and are now following, however many its shortcomings may be. If we can get over to them that we do enjoy the material things we have and the standards of living we enjoy very largely because of the philosophy we live by, if we can get them to see that and to start following similar philosophies I am satisfied that they will in time, with some assistance in a material way from us, and some encouragement from us, be able to put themselves in a position to help themselves.

I am all for every bit of help that we can possibly get to them, but particularly that kind of help I have just mentioned.

Mr. Alan Macnaughton (Mount Royal): Mr. Speaker, I need hardly say to hon. members that it was certainly a great privilege for me to be one of the alternate Canadian delegates at the eighth session of the United Nations, but I hasten to add that I am well aware it takes quite a bit of study and certainly a lot of experience and at any rate more than a three-months' apprenticeship in New York city to qualify for the title of amateur statesman. I did have the opportunity, however, of seeing at first hand just how the Canadian delegation operates, and I can report to you that, under the leadership of the Secretary of State for External Affairs (Mr. Pearson) and the Postmaster General (Mr. Cote), the delegation demonstrated the greatest possible co-ordination, co-operation and team spirit.

At all times and under all circumstances we worked together. I do think that this is the proper time and the right place for me to make a few observations about the leader of the Canadian delegation to the United Nations, the Secretary of State for External Affairs. Here in Ottawa we know of his ability; but I am afraid that there are a great many inside of Canada who do not know of the great regard in which he is held outside Canada. He is the only Canadian to have been president of the United Nations assembly and at the same time chairman of the North Atlantic council. But these two high honours, in themselves, do not it seems to me fully illustrate the magnificent job he is doing in conducting and in explaining Canadian foreign policy to other countries.

As the leader of the Canadian delegation at the United Nations, he not only gives active counsel and advice to the members of his own delegation, but I want to testify that his advice and counsel and direction are actively sought by delegates in other delegations. It is no flattery to say that he has a certain genius for finding a common-sense solution, for finding a formula, for arriving at a compromise in a tense situation.

As evidence of that I would cite the fact that the United Nations will not soon forget the great work he did—and largely personally—in the creation of the new state of Israel. The point I wish to make is that these useful behind-the-scenes negotiations bring a great

deal of prestige to Canada. I think the time has come to say openly that the Secretary of State for External Affairs and the Prime Minister (Mr. St. Laurent) of this country have done more than any other Canadians to bring Canadian foreign policy out of the filing cabinet, and put it where all Canadians can see it.

It is estimated that the population of the world is approximately two and a half billions of people. If we are generous and give Canada fifteen million, I think we are somewhat struck by the fact that our international influence is out of all proportion to our numbers. In many respects, in the councils of the world we rate just as high as the United Kingdom and the United States. Why is this so? Well, one of the reasons is that the Department of External Affairs contains men who are trained in the intricacies of international negotiation. They have men of not only scholarship but men of action, and the two working together speak at the United Nations and elsewhere throughout the world sensibly and clearly on behalf of all of us. Because, in essence, our foreign service is really a form of defence. Oh, I admit it is less dramatic than the army, the navy or the air force; but it has tangible qualities, nevertheless.

Our foreign service is a defence against evil ideas which must be fought before they put on armour and before they take up guns. And the best place to do this fighting is at the United Nations. The main battleground where this war of ideas can be won or lost is in the assembly hall and in the various committee rooms of the United Nations.

What exactly is the United Nations? It is two things, it seems to me: It is the sounding board of world opinion, and it is the instrument by which the world seeks to survive. If one examines the preamble to the charter he will see it lays down two basic points. It declares that the peoples of the United Nations are "determined to save succeeding generations from the scourge of war" and "to reaffirm faith in fundamental human rights."

Some among us say that the United Nations has failed. But I would remind you that the United Nations was not born in Utopia, but in San Francisco in the year 1945, and at a time when human society was certainly in a most insecure position and certainly fearfully divided.

The hon. member for Peace River (Mr. Low) made the statement to the effect that the United Nations is ineffective in preventing aggression. Well, I admit that the United Nations is not one hundred per cent perfect; but I would point out to him that the fighting between Israel and the Arab states was, at the very least, lessened, and that the occupation of Greece was prevented, and that the trouble between Pakistan and India, if not solved, was certainly eased. And, last, but by no means least, aggression in Korea was met, and is certainly halted at the present time.

I think we should not forget that the United Nations is only eight years old, whereas the problems it is tackling are almost as old as human life itself. It takes time for an eight-year-old infant to find a formula for relieving centuries-old conflicts and prejudices. I think it is remarkable that the United Nations has done as well as it has. We will not get rich quick in creating peaceful international relations. But we must keep our minds on the long pull; and perhaps in the long run we will get more peace than we think possible at the present time.

I think hon. members are entitled to ask me this question: And what of the cost, in dollars and cents? The total annual budget of the United Nations is approximately $41 million, and the Canadian share of this budget is 3·3 per cent or $1,350,000. That is to say, the annual cost of Canada's participation in the United Nations is about ten cents per Canadian, per annum, or the equivalent of two daily newspapers or one bus ride each year.

If you add to the United Nations the cost of the specialized agencies, such as the world health organization, UNESCO and ICAO—which is located in Montreal—the annual budget is approximately $80 million, and Canada's share is $2,650,000, or less than twenty cents per person, per annum.

May I ask you this question: Is that too high a premium to pay for a chance of security? Compare it with the cost of defence. One Sabre jet costs $300,000; one bomber costs $1,500,000; one escort destroyer costs approximately $14 million, or $1 per person per annum. Therefore, for the cost of one bomber we pay for our contribution to the United Nations and a chance at peace.

In wartime the sword is mighty, and certainly Canadians know how to use it. In peacetime, however, we want our problems discussed and concluded in a reasonable way under the rule of law, and not under the rule of force.

The United Nations provides a world forum where problems can be exposed and discussed, and arrangements or solutions attempted. Even Mr. Dulles, that frequently-quoted gentleman, said only the other day that but for the United Nations we would at the present time be involved in a third world war.

There are a few questions I should like to put. How many people in Canada appreciate the value of the United Nations? How many people in Canada know what goes on there? I am afraid the number is comparatively small. I am afraid that Canadians, as a whole, are unaware of the United Nations, although it is very important to them. And why? Because no one takes the trouble to tell them what goes on at the United Nations.

Let me give the house some examples: There is no permanent representative of the Canadian press at the United Nations. There is no permanent representative of any Canadian newspaper or periodical at the United Nations. The Canadian Broadcasting Corporation covers the United Nations activities on a part-time basis and, on the whole, does a good job. We all know Peter Stursberg, Herbert Desaulniers and Walter O'Hearn who, up until recently, were there. These three gentlemen do a fairly good job—I should say they do a very good job—in so far as they are able, in reporting the activities of the United Nations over the radio and through comment in the press. But of the three of them, only two are left. I am here to say that, after having examined the situation slightly, I admit that in my view the C.B.C. could be more aggressive. I think they could bring United Nations programs more to the attention of the private stations and the Canadian people generally.

I am well aware, for example, and I am told by my C.B.C. friends and my friends who are connected with the press that Canadians are not particularly interested in the United Nations. Well, I put that to the test. At Christmastime, and since, I have been attending meetings of clubs and other societies, particularly schools, delivering speeches. And on every occasion, when the facts have been brought to the attention of the people concerned, they have shown a great deal of interest and that they are hungry for information. This makes it clear, to my mind, that if we go out and bring the facts to the attention of the people, in due course they will respond.

Surely that is the job of the C.B.C. and other organizations. Occasionally some other wealthy Canadian newspaper may send down a reporter or feature writer to New York for two or three days. But what are two or three days when one is trying to interpret the making of history? It is not sufficient time for the reporter or feature writer to get the background of the question under discussion, to meet the people concerned, to get the know-all, and to get the views of other correspondents and of the 60 other member nations.

[Mr. Macnaughton.]

I can speak from personal experience because I was fortunate enough to be designated the Canadian representative on committee No. 6 which, as you know, is the legal committee. Hon. members will recall that the general assembly deals with its business under the heading of six main committees. These are: The political and security committee; the economic and financial committee; the social, humanitarian and cultural committee; the trusteeship, including non-self-governing territories committee; the administrative and budgeting committee; and finally, as I say, the legal committee.

Only to mention these names shows, it seems to me, the importance of the subjects discussed. I admit the political and security committee puts on the best show because there you see the clash of personalities and of nationalities, but I maintain that long after the effervescent activities of the political committee have faded away, the good that the United Nations will accomplish will be put down in conventions and treaties drafted and examined by committee No. 6. In any event the purpose of the United Nations, it seems to me, is to reduce tension, to iron out friction through discussion, to secure the rule of law in the relations between states, and not to resort to war.

Like the other delegates on the other committees, it was my job on committee No. 6, the legal committee, to speak on certain subjects of direct concern to Canada. For example, on the prevention and punishment of the crime of genocide, the revision of the United Nations charter, and the proposal dealing with arbitrarial procedure which, as hon. members will readily realize, is a new branch of international law under which two nations to a dispute resolve to arbitrate and refer their dispute to, shall we say, the international court of justice; also to discuss the interim report of the international law commission which was dealing with the regime of the high seas, which in turn can be broken down into territorial waters, the continental shelf, and fisheries.

I do not imagine that what I said at committee No. 6 will find any permanent place in any anthology of famous prose, but I do feel the question of, for example, the continental shelf and fisheries would prove of great interest to the citizens of Newfoundland, the maritimes, and British Columbia.

What of the exploration and exploitation of the continental shelf? Will we find oil, coal, and minerals in the subsoil? How far does Canada extend into the high seas? Who will regulate our fisheries? Should they be regulated at all? It seems to me that these are practical subjects of great economic import and of great interest to Canada, and if

you multiply these few examples, along with those dealt with by the six committees and covering the whole range of the other subjects I have already mentioned, then it is perfectly obvious we are neglecting a very great deal of valuable information. Yet only one Canadian newspaper carried the slightest reference to any of these topics. Mr. Walter O'Hearn of the Montreal *Star* highlighted some of the implications of these topics, but for the rest, silence. Every day something like that is happening at the United Nations, something which concerns Canada directly. Why do we not hear about them?

I would be unfair on this point if I did not admit that the government itself must accept part of the blame for this shameful condition. The office of the consul general in New York city does lend its press attaché or information officer to the permanent Canadian delegation at times when the United Nations is sitting, but that poor information officer with two jobs, one at the consulate and one at the United Nations, is swamped with work and so the stuff gets out in little quantities and certainly too late.

Is it possible to improve conditions? I say it is. I say that in the first place the Canadian press should have a permanent full-time United Nations correspondent in New York city and he should be a Canadian. I say that the wealthy Canadian newspapers should also have correspondents at the United Nations. The system today is such that the news we get in our newspapers, at least it seems so to me, is largely a rehash of American news prepared for the American or British public and then sub-edited for the Canadian public with a new title and the first two paragraphs re-written. That may be an exaggeration but it certainly dramatizes the point.

It seems to me we know much more about what Mr. Cabot Lodge and Mr. Dulles say than what Mr. Pearson says, and I do not believe that is right. Let me give some evidence of that. In a dispatch from the New York *Times* service datelined United Nations, New York, February 17, 1954, and headed: "News Sources Are Criticized by UNESCO", the article states:

> UNESCO raised these prospects in a 232-page report, entitled "News Agencies: Their Structure and Operation," made public today here (New York) and in Paris. In it UNESCO maintained that the six "world" news agencies are not truly international since their financial support, their directors and most of their staff members are drawn from four countries: from the United States, in the case of the Associated Press, United Press, or International News Service; or from Britain, France or the Soviet union in the case of Reuters, Agence Francepress, and Tass.
>
> Referring to the personnel of such agencies UNESCO said "however impartial they may be, however strictly they may comply with the professional code of ethics, they will inevitably judge and present news from the viewpoint of the country of which they are citizens."
>
> Moreover, it declared, the current trend by news agencies toward a "free-for-all struggle" for the sale of news runs counter to the trend toward increased international co-operation in political, military, economic, educational, scientific and cultural matters."

Also, while in New York, I had a little memorandum prepared for my own use, because in dealing with the press one tries to be fair and to be accurate. That being the case I believe if I put this on the record it may help hon. members to understand the situation. This memorandum states:

> On the press side, I have been informed that no full-time Canadian correspondent is at present assigned to the United Nations. Canadian Press, until fairly recently, had as a member of its New York staff a young man who specialized in coverage of the United Nations and devoted most of his time to it when the assembly was in session. Recently, however, the news agency has not assigned a member of its New York staff to the United Nations on a regular basis. British United Press, the other agency serving Canadian newspapers, is not represented at the United Nations by one of its own correspondents. Canadian Press coverage is based on reports of the Associated Press, and British United Press reports are drawn from the service of the United Press. Until fairly recently, the Montreal *Star* maintained a correspondent in New York to specialize in coverage of the United Nations. He was recently transferred to Montreal and was not replaced. Other Canadian newspapers periodically assign writers to the United Nations on a temporary basis but none is represented by a full-time correspondent. Some use the special services of the United States and British newspapers for the purpose. No Canadian periodical maintains a full-time correspondent at the United Nations.

It seems to me, Mr. Speaker, that Canadians are entitled to know from the great news agencies, co-operative or selling, what goes on at the United Nations. These reports should be written by Canadians for Canadians, reporting United Nations activities and decisions affecting Canada.

But if the newspapers have a duty, so has the government a duty to provide the facilities, the information and the help to the free press of Canada. I say that the information section of our Canadian consulate in New York city—and I mention New York city because it is the centre of the press, of periodicals, of communications; it is the largest centre for that sort of thing in the United States—should be reorganized in such a way that it could co-ordinate the news distribution of the Department of External Affairs in New York and in the United States, of the Department of Trade and Commerce, the Canadian Broadcasting Corporation, the national film board, the travel bureau and in fact all the other government agencies. It seems to me to be incongruous that here we have a travel bureau spending

millions of dollars in the United States on publicity, at the same time getting good co-operation because they are spending good money for it, while at the same time we have external affairs, who need a little bit of publicity, a little bit of contact, a little bit of help here and there, having a struggle to get it.

I see no reason why when you give out with one hand you should not receive back with the other. It should be a two-way trade. I think that if we had a senior man down there who could co-ordinate these activities our press distribution in the United States would be a great deal better than it is at the present time. I could develop that subject further, but I will not do so tonight. It seems to me that in the news distribution at the United Nations, the government itself has to improve its services, step in and take the lead.

To this end I suggest that the government should appoint a top level information officer to the United Nations permanent delegation. There is a precedent for this procedure. May I remind you that a great Canadian newspaper editor was chosen to fill just such a role for NATO in Paris. One should be fair and one should agree at this time that the Canadian Press is a news gathering organization and that even if it did have a correspondent at the United Nations he would have no time for interpretive writing. His job is simply to go out and get the facts.

It seems to me that a government top level information officer—and he must be top level; otherwise the reporters will not bother too much with him; and he will not have the authority with which to speak or the knowledge with which to speak—could do some of the following things. First, he could give the story behind the story to the press. He could arrange interviews for the members of delegations and for visiting V.I.P's. He could prepare background material. He could release bulletins, pamphlets and brochures so that the newspaper editor gets the full story at a glance. Hence when something of interest to Canadians takes place at the United Nations, this information could be put out in a brochure which would be timely and useful and would attract attention. If we make an effort to help the free press of Canada, it can be relied on to do the rest.

It seems to me that the great problem is how to get across to the Canadian public the magnitude of their stake in the United Nations. A basic factor of any foreign policy, in order for it to be enduringly successful, is that it must be understood and accepted by the people.

[Mr. Macnaughton.]

Do Canadians know the full story at the United Nations? How could they, when nobody tells them? What is needed is full coverage of United Nations activities, particularly those activities which concern Canada. In wartime we had reporters and feature writers travelling all over the world, telling us what was going on at the fighting fronts. Surely today we can spare a few reporters at the United Nations in New York city for the purpose of telling us what is going on at the most important fighting front of all, namely the front where we are trying to prevent war.

In the United States in 1952 there was a sudden upsurge of interest in Canada. You read about it in magazines; you heard about it over the radio. In 1954 in Canada could we not have an upsurge of interest in foreign policy? We may be diffident about telling the rest of the world what we are doing but at least we could tell ourselves.

Make no mistake about it, the United Nations stands between us and international anarchy. The United Nations stands between us and the extinction of human freedom. Some of us have lived through two world wars; but if a third world war came some of us would get hurt and we might be back in the bow and arrow era. The United Nations is the place where millions of people, differing in a thousand ways, act through their various delegates to reach a common goal. That goal is survival. We want justice and security in international living. The United Nations provides us with our best chance of getting that.

It seems to me that Canadian foreign policy brings out this simple truth. We in Canada have created a foreign service to which our citizens can belong with honour. As a result, our external affairs are managed by well prepared, honest, astute and respected professional men and women who keep Canada's prestige at a high level throughout the world. I think it is time that the Canadian public were told what these men and women are doing from day to day and from week to week. I think specifically that it is time Canadians were told the story of our foreign service's important work at the United Nations.

Mr. Donald M. Fleming (Eglinton): Mr. Speaker, the house has waited with keen interest for today's debate. That interest was largely attributable, I think, to the statement in relation to China that came, through the press, from the Prime Minister (Mr. St. Laurent) on his world tour. As to the statements made in the house this afternoon by the Secretary of State for External Affairs

(Mr. Pearson) and by the Prime Minister, I think it is not unfair to say that the statement made by the Prime Minister in disavowing the interpretation put on his statement in the Far East has taken much of the interest out of this debate. One may say also that as to much of the statement that was made by the Secretary of State for External Affairs, one had the feeling that it was directed largely at Washington.

I must confess to not a little surprise and considerable regret that the Prime Minister, having now addressed the house twice on the subject of his tour of the world, including many of the important nations of the commonwealth, said not one word about the vital and beneficent role that the commonwealth is playing in the struggle for world peace today. Not one word was said on that subject. I must say that I for one was startled by that fact.

To what goal does Canada direct her external policy? Obviously, Mr. Speaker, if we are to give the answer in a word, that answer must be "peace". The goal is peace in a world which this very week has read of the explosion of a hydrogen bomb six hundred times more powerful than that bomb which claimed 60,000 lives when dropped on Hiroshima in 1945. Consequently in pursuing the goal of peace we must be realists.

There are three statements that the Prime Minister has made in various places in relatively recent times which I think are worthy of the attention of the house. In speaking at Midland on August 29, 1952, he said this:

> . . . whenever there is a big war, we cannot keep out. We are inevitably drawn into it. Consequently, we must do everything we can to keep peace in the world.

Then, on his tour he was reported from Rome on February 13 as saying:

> If we really want peace we must be prepared to undertake war to protect it.

On the same tour at Soest, Germany, he is reported as saying on February 11:

> "No potential aggressor must feel it healthy to start aggression", the Prime Minister said in a brief speech. "During my lifetime we have had too much war. We have learned that the only way to avoid war is to be prepared to wage it."

These indeed are strong statements made by the Prime Minister, Mr. Speaker, but I do suggest that, if logically and sensibly interpreted and applied, there is realism in them.

In what I have to say tonight I should like to direct my remarks to four subjects: first, our relations with the United States; second, some aspects of our external relations so far as Europe is concerned; third, the same as far as Asia is concerned, and fourth, the subject of trade.

Our relations with the United States are of first importance. There are three matters in this regard on which I should like to dwell briefly. The first thing, I think, that we wish to make abundantly clear both to our American cousins and to the world, for it is just as important that the world should understand this as that our cousins south of the border should, is that Canada's foreign policy will be made right here under this roof. There were long years when the world did not understand, for instance, that Canada's foreign policy was not made at London but was made here. Now we seem to be in danger of having the world or at least some parts of the world think that our foreign policy is made at Washington. Sir, we must be very firm on this subject, and we must tell the United States and the world firmly and clearly that if there is to be any thought of committing this country in advance to any policies that call for collective support with Canada as a participant we must first be consulted and Canada must determine her course.

The second aspect of this matter is the way in which Canada seems to be coming into the role of interpreter of the United States in those quarters of the globe where the United States and her policy are not well understood. Indeed, the Prime Minister in at least a part of his tour, particularly in his visit to India, seems to have accepted the role of interpreter of the United States to that sister nation of the commonwealth. There is every reason why Canada, in the interests of world peace, should seek from her advantageous situation to assist the world in understanding the United States and her peaceful aims. Above all nations in the world we Canadians best know the United States. We know her generosity. We have had reason to admire her leadership in the world. When we look back and think how much the world suffered in earlier times for lack of United States leadership and how the whole course of history in the years leading up to 1939 might have been changed had the United States then been giving the leadership to the world she is giving today, we have a means of estimating the value of United States leadership to the world.

It is a fact that the United States is not popular in many quarters of the globe, even in quarters where United States aid has been most generously bestowed. In the days when Britain held the position of the world's most powerful nation there seemed to be a disposition to twist the lion's tail occasionally, and that now seems to be directed at the United States. It may be that mistakes are made at Washington. After all, this role

that the United States has assumed is a new role for that nation. It is not to be expected that that role will be discharged without some evidences of immaturity at times. Certainly harm has been done by sabre-rattling speeches by some ministers at Washington or, if one may resort to more modern terms, we might talk about bomb-rattling speeches from that quarter. But admitting these factors the fact remains that hope for the peace of the world does now rest, to a degree without precedent in the world's history, on the leadership given by the United States.

We know that we can trust the United States. We know from long experience as her closest neighbour that we can put the utmost reliance upon the good faith of the United States. We have an opportunity to say that to the world today and to help the world to realize the peaceful aims of the United States.

May I say directly to the Secretary of State for External Affairs that I am sure the whole nation approved heartily the statement he made on behalf of the government immediately following the statement made by President Eisenhower in proposing control of the development of atomic energy, when the minister pledged Canada's unqualified approval of that statement.

The third aspect of the subject of our relations with the United States concerns relations between the United States and the United Kingdom. What hope is there for mankind, what hope is there for the peace of the world if the United States and the United Kingdom are not to work together side by side? What nation in all the world can provide, to use Mr. Churchill's expression, a more effective linchpin in that relationship than Canada? Well and truly did Sir Gladwyn Jebb, in his farewell speech at New York on his retirement as the representative of Great Britain on the security council of the United Nations, say on February 24, speaking of the United States and the British commonwealth:

> If we can stay together and pursue joint policies of development and peace, then the future is secure. If we drift apart, then the future belongs to international communism.

Canada stands right in the middle between the United States and Great Britain, and we must supply the effective cement by which these two nations shall be bound together to walk their beneficent path in the interest of world peace. There need be no fear of the intentions of Great Britain and the United States. This week Mr. Churchill has given the strongest expression of support of the United States policy of massive retaliation in the event of aggression by those whose intent is not peaceful. But he did say at the same time that the United States bases in Great Britain would not be used for retaliation in atomic warfare without the approval of the government of the United Kingdom.

I turn now to Europe. I say at once, although I do not think it needs to be said in this house, that whatever evidence there may be of changing tactics on the part of the masters in the Kremlin there can be no doubt in the mind of any one of us that the underlying and fundamental strategy of the Kremlin is unchanged. Surely we have learned long since, if we have learned anything, that we are not to trust what comes from the Kremlin. That man who, of all others in modern times, probably perpetrated the most mischief on the world, Karl Marx, said this a century ago about the Russians:

> The Russian bear is certainly capable of anything —as long as he knows the other animals he has to deal with are capable of nothing.

It will not be forgotten, Mr. Speaker, that we have from authentic communist sources something of the blueprint that they have been following ever since this blueprint was laid down for them by Lenin. In his collected works, volume 24, this statement appears:

> We are living not merely in a state but in a system of states; and it is inconceivable that the Soviet republic should continue for a long period side by side with imperialist states. Ultimately, one or the other must conquer. Meanwhile, a number of terrible clashes between the Soviet republic and the bourgeois states is inevitable.

Again, this quotation is taken from Lenin's book, "The Infantile Sickness of Leftism in Communism".

> It is necessary to use any ruse, cunning, unlawful method, evasion, concealment of the truth.

We have had many proofs, Mr. Speaker, that that blueprint is followed scrupulously by those who believe in and practise communism in the world. Note, Mr. Speaker, what Lenin had to say about the series of clashes. I suppose what we have seen in the unfolding of that fundamental strategy has been this; that where it has suited that strategy to resort to the hot war, the hot war was resorted to; where it suits that strategy to resort to the cold war, then the cold war will be the method chosen. The fundamental attitude is hostile towards all bourgeois states. Therefore, while we must never reject out of hand anything that appears to be a gesture towards better understanding or more peaceful co-operation that may come from the Kremlin, let us learn from the past and ever be wary.

Notwithstanding the way in which China and the Far East have been occupying a leading place in the news in recent times, Germany, I submit, still remains the most important

of all areas of diplomatic conflict in the world. Here 1954 will be a decisive year. It will be a year for that reason of vast importance to Canada. Happily we see in NATO growing strength; we see substantial accomplishments, but we must not rest on those accomplishments. German rearmament was decided upon a year and a half ago. For this problem the solution offered was of a European army, with German units integrated into it. The feeling of the United States government is that the ratification of EDC on the part of all the nations concerned is imperative. The predominant feeling in Great Britain, and certainly the policy of the government of the United Kingdom, is to bring about that ratification of EDC and the setting up of a European army as soon as possible. In Germany lies the biggest untouched reservoir of manpower available to the free world.

The feeling in France is an understandable feeling. The spirit of nationalism is still strong in the French army. The memory of three invasions within the lifetime of some Frenchmen will never be effaced, and there is very great distrust there of the idea of a European army. Bear in mind, sir, it is not an allied army that is proposed. It is something quite different from any army that has ever existed before. The weakness of the French state today is attributable in part to the gigantic losses of France in both world wars, and to the way in which she is being bled of manhood and treasure in Indo-China as well as to the presence of a large number of communists in France today.

The most signal event in the history of Europe in 1953 was unquestionably the resounding victory won at the polls by Chancellor Adenauer, and with it the complete endorsement by the people of the western German republic of the whole idea of a European army and the German rearmament associated with it. We have the opportunity of judging how important to the western nations is the fulfilment of the dream of ratification of EDC and the establishment of the European army, when we see the stratagems and machinations that the Russians are resorting to in an attempt to prevent ratification of EDC at all costs. In recent months their tactics have all been directed towards restraining France from proceeding with the task of ratification. Now again, one can understand the feelings of the French in this regard. But, Mr. Speaker, the central issue in international affairs in 1954, so far as Europe is concerned, will be the question of ratification and the establishment of the European army. The Russians know it. Their whole tactics in recent times show how well they realize that if this important step is taken then their hopes of expanding the area of aggression and the march of the iron curtain westward are stopped in Europe.

If there are alternate plans, Mr. Speaker, as the Secretary of State for External Affairs seemed to permit himself to hint today when he said that EDC ought to be ratified or something like it, then he ought to take the house into his confidence in this matter. Here, we are dealing with something that is of primary importance to the peace of the world.

Today the Prime Minister told us almost nothing about NATO. Sir Gladwyn Jebb, in a speech from which I quoted earlier, said this:

> NATO is the shield and buckler of the west and without it we should lose all our freedom . . .
> If war should come it is in such organization as the NATO that our trust must primarily be placed.

That came from a man who has in recent years represented the United Kingdom on the security council of the United Nations. He was saying in the plainest terms that if war should come our hope of preservation must lie with NATO.

There was one statement that came from the Prime Minister's tour on which he made little or no comment today. This is a dispatch from Paris dated February 9:

> Although the discussion was held in the strictest privacy,—

That is a discussion between the Prime Minister and General Gruenther at SHAPE headquarters.

> —it was reliably reported that Canada's Prime Minister gave General Gruenther his solemn assurance that Canada would increase its contribution if the international situation should become any worse.

This afternoon the Prime Minister touched on this subject very briefly. He did not say that he was relating it especially to the report that emanated from Paris to which I have just now made reference. I do hope before this debate has run its course, either the Prime Minister or the Secretary of State for External Affairs will make a clear statement on this point for the information of the house.

I turn now, sir, to Asia. Since the cease-fire our thoughts have been turning, it seems to me, more from Korea to China. Let us recall that all that has been accomplished in Korea is a cease-fire with a retirement of the forces to the rear of a widened no-man's-land and then an agreement, not then immediately entered into but since, for a conference on Asian affairs to be held at Geneva. In the meantime, sixteen nations including Canada have signed a pledge that if aggression should be renewed in Korea,

they will stand together in resisting that aggression. They have put the following in their statement:

> The consequences of such a breach of the armistice would be so grave that, in all probability, it would not be possible to confine hostilities within the frontiers of Korea.
>
> Finally, we are of the opinion that the armistice must not result in jeopardizing the restoration or the safeguarding of peace in any other part of Asia.

It is a very strong pledge that the sixteen nations, including Canada, have taken in that regard.

The Secretary of State for External Affairs intimated today in this regard that Canada would probably be playing a rather minor part in the conference at Geneva. Be that as it may, sir, I hope—

Mr. Pearson: I do not want to interrupt the hon. gentleman, but I said a relatively minor part in the Indo-Chinese part of the conference.

Mr. Fleming: That is what I was coming to, but I am glad to have that clarification from the Secretary of State for External Affairs. Whatever part Canada does play I hope that there will be nothing done to weaken the application of the principle that in negotiations with these communists we must negotiate from strength; we must be canny; we must not be throwing away a single card now that we may have an opportunity to play later, and we must go into that conference determined to preserve the integrity of the principle that aggression must be shown before all the world not to pay. That is a lesson that has to be taught to those who are practising aggression and hot warfare in Indo-China today.

Now, sir, what of China—China that we used to think of years ago as a great peaceful nation, as peace-loving a nation as any in all the world? What a travesty of history that that nation of peace-loving people has now been turned into a red-handed aggressor, an aggressor which inspired and spurred on the aggression of the North Koreans in 1950, aided and abetted it and then finally itself marched into North Korea. It is a nation under a communist regime which has been branded by the United Nations before all the world as an aggressor, an indictment by mankind; a nation under a communist government that has today virtually annexed North Korea, that has virtually annexed Tibet, which, if it has its way will undoubtedly seek to work the same result in Indo-China; a nation which has been singled out by the United Nations for the passage of a resolution denying strategic materials to it, as a nation in whose hands any materials that can be used in warfare are not to be trusted. And it is the communist government of this nation that some would now have us recognize as the government of China.

Well, sir, let us turn back to the rule, which they say runs something like this: that where a government, regardless of how it came into being, does exercise control over a specified territory and conditions are sufficiently settled that it cannot be said that its authority within that territory is seriously challenged, then it is entitled to recognition. Sir, that, as I read the rules of public international law, is not an altogether correct statement of the rule. I suppose the leading authority on public international law is Professor Oppenheim of Cambridge. I have in my hand volume I, sixth edition, of his work on international law, where the rule is put at pages 126 and 127 in this way:

> When, however, the new head or government, be it a monarch succeeding another monarch, a president of a republic succeeding another president, a monarch succeeding a president of a republic, or a president of a republic a monarch, comes into power not in a constitutional manner but after a *coup d'état*, a revolution (which need not involve bloodshed), or any other event involving a break in legal continuity, the determination by other states of the attitude to be adopted toward the new head or government is often difficult. They are called upon to arrive at a decision on the question whether the new authority can be properly regarded as representing the state in question. In arriving at that decision, they exercise a discretion which, though necessarily wide, is not an arbitrary act.

I suggest that where discretion exists in this matter, under that statement of the rule of public international law, Canada ought to exercise her discretion not to give recognition to the so-called people's government of Peking.

There follows a review of the trends in relation to the recognition of new governments. There is not time at my disposal to review these. They follow in the succeeding pages, but it is a fair summary to say that there have been conflicting trends as to whether, in deciding to give or withhold recognition of any new government, a nation is entitled to ask itself if that government is capable of fulfilling the normal requirements of civilized international behaviour between states.

Does any opposition exist in China, any effective opposition to the present people's government? Well, if it does not, Mr. Speaker, we well know why. It is because that opposition has been exterminated in the most ruthless manner by the present government.

How did this regime come to be in control of the reins of power in China? It came not as a result of some innocent movement for agrarian reform as the communists sought to pretend—Canadian communists as well as others—in recent years. It came into power,

Mr. Speaker, because of aid from Russia. It was never a genuine movement on the part of the people, and on the hands of these aggressors today are stains of blood, including the blood of Canadians. It is to this regime that the C.C.F. party in this house asks the Canadian government to give recognition. I say to you, Mr. Speaker, it is a dreadful, a shocking proposition.

Sir, this is not the first time that the C.C.F. have advocated recognition of this present regime in China. As long ago as June, long before the cease-fire, while Canadians were withstanding the surge of battle, attacks by Chinese troops thrown in under the orders of this so-called people's government at Peking, the leader of the C.C.F. party, speaking at the meeting which nominated the present member for York South (Mr. Noseworthy) in Toronto on June 9 of last year, advocated the recognition of this so-called people's government at Peking. Mao Tse-tung wants recognition; the U.S.S.R. wants recognition of the so-called people's regime at Peking, and they are using every stratagem and every device to bring about that object. Mr. Speaker, in that regard we would do well to recall these words from Lenin's book to which I referred earlier:

> It is necessary to use any ruse, cunning, unlawful method, evasion, concealment of the truth—

—for the purpose of achieving the ends of communism.

Sir, we welcome the statement of the Prime Minister today that it is no part of the intention of the government to give recognition to this regime at Peking. Undoubtedly the statement attributed to the Prime Minister in the press during his tour has done incalculable harm. It has received wide currency, and I think the Prime Minister will be the first to say, and I am sure the Secretary of State for External Affairs will be the first to agree, that commendable restraint in this respect has been shown in this house pending the return of the Prime Minister. I think they will agree that there has been on the part of the opposition commendable willingness to defer discussion of the matter until the return of the Prime Minister (Mr. St. Laurent), when he could be present to take part in the discussion. But, sir, I hope that every effort will be made to see that the statement made by the Prime Minister today, in his effort to overtake the statement that was attributed to him in the press, will receive just as wide currency as that other statement which has done so much harm.

How shall we prove that aggression does not pay, if we allow this regime at Peking to shoot and bludgeon its way into polite international company? The cause of resisting aggression in Indo-China would be lost, at once. What is to be, then, the fate of Formosa?

And they quote recognition of the government in Spain. Well, I do not think anyone in this House of Commons has a lower opinion of the government in Spain than the member who is now speaking. But what happened in Spain, I suggest, is no precedent for a recognition of the regime in Peking. Franco never directed his army in any aggressive manner against us. He never was branded an aggressor in any indictment on the part of the United Nations. And the Canadian government waited just about fifteen years before deciding to exchange diplomatic representatives with General Franco's regime.

So I suggest that, in the light of that fact, we can afford to take our time in considering any question of the recognition of the regime at Peking. So far as recognition of that regime by Great Britain in 1949 is concerned, let us remember that that was before Korea. Had the Korean aggression occurred before Great Britain gave recognition to the Peking regime, I think it is very doubtful if they would ever have considered giving that recognition.

In any event there is not very much, in the way in which Great Britain has been treated since that time by the Peking government, that would encourage anyone else to recommend that course. They have had little except insults from the Peking regime since that time.

Let us not forget, also, that the Japanese government, the new government in Japan to which we are trying to give every encouragement, on June 19, 1952, decided to give recognition to nationalist China as the government of China.

And then, sir, so far as our recognition of the government of the U.S.S.R. is concerned, let us bear this in mind, that we took our time about that, too. The revolution in Russia occurred in November of 1917. It was not until March 24, 1924, thirty years ago yesterday, that the Canadian government informed the then newly-arrived soviet official agent in Montreal that it was prepared to recognize the U.S.S.R. The function of that officer was, to some extent, that of consul, but more largely related to trade. Nothing came of that suggestion.

It was not until March, 1942, that the governments of Canada and the U.S.S.R. agreed to exchange diplomatic representatives. It was on October 21, 1942, that Mr. Gusev presented his credentials as minister

to Canada, and on March 10, 1943, that Mr. Dana Wilgress presented his credentials as Canadian minister at Moscow. It was in 1944 that the status of the two missions was raised to that of embassies.

But, sir, what are the consequences of recognition? Let us not forget how very important and far-reaching these are. Here is the way Oppenheim describes them at pages 132 and 133:

> Among the more important consequences which flow from the recognition of a new government or state are these: (1) it thereby acquires the capacity to enter into diplomatic relations with other states and to make treaties with them; (2) within limitations which are far from being clear, former treaties (if any) concluded between the two states, assuming it to be an old state and not a newly-born one, are automatically revived and come into force; (3) it thereby acquires the right, which, at any rate according to English law, it did not previously possess, of suing in the courts of law of the recognizing state; (4) it thereby acquires for itself and its property immunity from the jurisdiction of the courts of law of the state recognizing it and the ancillary rights which are discussed later—an immunity which, according to English law at any rate, it does not enjoy before recognition. (5) It also becomes entitled to demand and receive possession of property situate within the jurisdiction of a recognizing state, which formerly belonged to the preceding government at the time of its suppression. (6) Recognition being retroactive and dating back to the moment at which the newly recognized government established itself in power, its effect is to preclude the courts of law of the recognizing state from questioning the legality or validity of the acts both legislative and executive, past and future, of that government; it therefore validates, so far as concerns those courts of law, certain transfers of property and other transactions which before recognition they would have treated as invalid.

And, sir, in our time, added to these would be, of course, inevitably as the next step, admission to the United Nations. And if this communist regime at Peking is admitted to supersede the nationalist government of China there, it means that they step automatically into a permanent seat on the security council, and acquire the veto. And as the Russians have used the United Nations as a sounding board for propaganda, it just means double the voices of propaganda in that council.

I submit, too, that the Peking regime is not eligible to be admitted to the United Nations. Chapter II, article 4, of the United Nations charter makes this stipulation:

> Membership in the United Nations is open to all other peace-loving states which accept the obligations contained in the present charter and, in the judgment of the organization, are able and willing to carry out these obligations.

Can it be said that this people's regime at Peking represents a peace-loving state, when they have been denounced as aggressors? No; I submit to you that they are not eligible. And yet, if they were recognized, this inevitably would be the next step. For, if you recognize this people's government, what answer have you to them when they apply to supplant the nationalist government as the representative of China at the United Nations? It would be a triumph of aggression, a triumph of the aggressor who holds a pistol at the head of the United Nations.

And, sir, whatever may come out of the Geneva conference, let us have the assurance that Geneva will never be permitted to become another Munich.

I leave this subject of recognition of the Peking regime with this one remark: I accept what the Prime Minister said this afternoon; we are not making a judgment for all time. But we look at the existing situation and we are, I hope, making a clear and firm judgment on that situation as it exists today.

Finally, a word about trade. Trade can be an aid to peace. There is no reason why we should not, like Great Britain, trade with Russia on one condition, and that is that no strategic material be allowed to come into the hands of the Russians. We have noted what has been said at Westminster of late about the keen desire of the British government to extend trade with Russia, in the hope that that will help to bring about more peaceful relations. The statement was made by the Hon. Derick Heathcoat-Amory, deputy trade minister, in Great Britain only two days ago that the British market is "wide open to Russian grain, timber, metals and manganese ore." The newspaper article goes on to say:

> Speaking in debate on east-west trade, he said it would be "very helpful if larger quantities of grain could be made available."

Well, while I am sure we will have no wish to put any obstacles in the way of trade between Great Britain and Russia, which may make a contribution to peace, I hope we will not be slow or tardy in making a just claim, on behalf of Canadian grain producers, to the British market for our grain.

Finally, whatever may be said about trade in the world today, there must be no weakening in the proscription of trade with this aggressor government of China in the matter of strategic materials, or anything that could be of assistance to an aggressor nation. We must watch vigilantly any attempt to whittle down the category of strategic materials.

These are grave days in which we live. The time may come when we may look back on these days as those in which important decisions were taken which contributed much to better relations, and the building of sounder foundations for peace in the world. But, Mr. Speaker, in all that we do, let us be realists; let us keep our powder dry when dealing with those who, unhappily, respect only force.

Mr. Colin Cameron (Nanaimo): Mr. Speaker, in the few moments at my disposal before ten o'clock I would like to deal with some of the things we have heard about from the hon. member for Eglinton Mr. (Fleming). Naturally enough I do not share the horror with which he apparently views, not only the statement of the leader of the C.C.F. but also the statement which the Prime Minister of Canada (Mr. St. Laurent) made in this house this afternoon.

I was particularly interested in the hon. member's denunciation of the communist regime in China for its attempt to fight its way into what he termed "polite international company". It sometimes seems to me, Mr. Speaker, that we use words in a very strange manner. I am not quite sure what the hon. member's definition of "polite international company" is. Possibly it includes Francisco Franco of Spain, with whom the hon. member for Eglinton seems to have affinity; perhaps it includes all the little squalid dictatorships of Central America; perhaps it includes Dr. Salazar of Portugal; and I presume he must also include in that polite international society that member state of the United Nations which is the object of his fear and enmity, the Soviet union and all its satellites in Europe.

I wonder whether he considers as one of the members of that polite international society the successor of a regime which shot its way into power, and whether the hon. member for Eglinton would not suggest that even at this late date we should perhaps withdraw recognition from the administration in Washington.

I think, Mr. Speaker, we have to be a little realistic about this thing. We have to recognize the facts of life, however unpalatable they may be, and I would suggest that the logical consequence of our hon. friend's thesis is that as there is no possibility of being able to sit down in peace and amity with the present rulers of China then, of course, the only alternative is to blast them out of existence. On that score, Mr. Speaker, I would suggest that the hon. member and all those who feel as he feels have been grossly negligent in their duty for several years past, because we were perhaps in a rather better position to blast them out of existence a few years ago and we neglected our opportunity.

I wondered, Mr. Speaker, particularly when I listened this afternoon to the Secretary of State for External Affairs (Mr. Pearson), if other people had the same reaction that I had when we were made to realize the real extent of the change in world relationships which has taken place during my lifetime.

I can recall before the days of 1914 when there were in the world a number of states, some of quite modest power, which nevertheless were able to pursue a fairly independent foreign policy within fairly wide limits because of their ability to either add or detract from the strength of some existing power bloc. It was on their ability to upset or to maintain this delicate balance of power that these states, most of them located in Europe, were able at that time to pursue a relatively independent foreign policy. In those days a discussion such as we are having this evening taking place in the parliament of one of those nations would, I imagine, have been devoted very largely to the actual discussion of that nation's foreign policy, what course it was going to pursue, and what independent stand it was going to take.

All that world went down the drain when the Germans marched into Belgium in August, 1914, and today we have an entirely different situation, so different that if we are to have a realistic discussion of Canada's foreign policy we are obliged in actual fact to discuss not so much our own foreign policy but the foreign policies of the two colossal power blocs in the world. I believe the Secretary of State for External Affairs illustrated that very well this afternoon, because you will recall, sir, that a very large part of his address was devoted to a discussion and interpretation and, shall I say, a dissection of the foreign policy of our great neighbour to the south.

I believe one might well say that in that situation the foreign policy of a nation such as Canada must concern itself not only with the overt foreign policy of our great ally, or the overt foreign policy of our great hostile antagonist, but must also, as far as we are able, devote itself to a dissection and analysis of the internal affairs within these countries which develop that foregin policy.

I believe one might say, Mr. Speaker, that the two recent addresses the Secretary of State for External Affairs made in the United States and to which he referred this afternoon were welcomed with a sigh of relief from every intelligent Canadian. Some of us may have felt that they came rather late on the scene. Some of us may have perhaps felt that they might have been underlined more decisively, but nevertheless I believe the general reaction was one of relief among intelligent Canadians that at last the government of Canada was preparing to do the only thing that is open to it in the present state of world affairs, and that is to attempt to

influence the internal policies of the United States and its consequent external policy.

I see, Mr. Speaker, that it is ten o'clock and with your permission I will beg leave to adjourn the debate.

On motion of Mr. Cameron (Nanaimo) the debate was adjourned.

BUSINESS OF THE HOUSE

Mr. Harris: After we have disposed of this debate tomorrow we shall take the Criminal Code.

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

HOUSE OF COMMONS

Friday, March 26, 1954

The house met at 2.30 p.m.

(Translation):

HOUSE OF COMMONS

SALE OF FRENCH LANGUAGE NEWSPAPERS IN CAFETERIA

Mr. Hector Dupuis (St. Mary): Mr. Speaker, I wish to thank you personally and on behalf of several of my colleagues for the immediate attention you gave to my recent suggestion in regard to the sale of French daily newspapers in the cafeteria. These newspapers have been made available for several days now and I thank you for it.

(Text):

HOUSE OF COMMONS

EXPLANATION OF CHANGE IN AMPLIFYING SYSTEM

Mr. Speaker: Hon. members will have noticed that the roving microphone which was used yesterday as an experiment has now disappeared. It has proven to the engineer operators and to all of us, I think, that whenever a member speaks he should direct his voice to the microphone nearest to him, and hon. members surrounding the member who has the floor should remain as silent as possible; otherwise the noise which is being made around the member who has the floor is picked up by the suspended microphone and that rather annuls the strength of the voice of the one who has the floor.

There may be other questions that hon. members would wish to ask about this system. I am not an expert. I have asked the engineer operators whether they would meet the members in order to discuss whatever points they may wish to have answered, and they have agreed, in the most co-operative manner, to be here on Monday between eleven and one o'clock on the floor of the house, and if hon. members wish to come down and ask questions about the system they will be pleased to answer whatever queries hon. members might make.

COMMITTEES OF THE HOUSE

AGRICULTURE AND COLONIZATION—CONCURRENCE IN FIRST REPORT

Mr. Rene N. Jutras (Provencher) presented the first report of the standing committee on agriculture and colonization, and moved that the report be concurred in.

Motion agreed to.

STANDING ORDERS

Mr. J. H. Harrison (Meadow Lake): I have the honour to present the fourth report of the standing committee on standing orders.

Mr. Speaker: Is it the intention of the hon. member to move concurrence in this report today?

Mr. Harrison: Mr. Speaker, we shall not be able to move concurrence until Monday.

CANADIAN NATIONAL RAILWAYS

REFERENCE OF BUDGET TO RAILWAYS AND SHIPPING COMMITTEE

Mr. L. Langlois (Parliamentary Assistant to the Minister of Transport): Mr. Speaker, on behalf of the Minister of Transport (Mr. Chevrier) I should like to lay on the table the budget of the Canadian National Railways and the Canadian National (West Indies) Steamships, Limited, for the year 1954, in accordance with the provisions of section 12 of the Canadian National-Canadian Pacific Act, chapter 39, Revised Statutes of 1952, and of section 80 of the Financial Administration Act, chapter 116, Revised Statutes of 1952, and as approved by the governor general in council by order in council P.C. 1954-448 of March 25, 1954.

On behalf of the minister, I move:

That the budget of the Canadian National Railways and Canadian National (West Indies) Steamships Limited, tabled this day, be referred to the sessional committee on railways and shipping owned, operated and controlled by the government.

Motion agreed to.

TRANS-CANADA AIR LINES

CAPITAL BUDGETS FOR 1953 AND 1954 AND OPERATING BUDGET FOR 1954

Mr. J. H. Dickey (Parliamentary Assistant to the Minister of Defence Production): On behalf of the Minister of Trade and Commerce (Mr. Howe), I am tabling, in accordance with law, the Trans-Canada Air Lines capital budget (revised) for the calendar year 1953; Trans-Canada Air Lines capital budget, 1954; and the Trans-Canada Air Lines operating budget, 1954.

LABOUR CONDITIONS

IMPLEMENT INDUSTRY—MEETING BETWEEN REPRESENTATIVES OF AGRICULTURE AND LABOUR

On the orders of the day:

Mr. J. G. Diefenbaker (Prince Albert): Mr. Speaker, I would like to direct a question to

the Minister of Labour and to ask him the nature of the meeting which is to be convened next week between representatives of agriculture and of labour; the purpose of that meeting; and also the identity of those invited.

Hon. Milton F. Gregg (Minister of Labour): Mr. Speaker, a conference has been arranged for next week under the sponsorship of the national advisory council on manpower. The object of the one-day conference is to discuss the problems facing the farm implement industry. It will be a meeting of three representatives of organized labour directly employed in the farm implement industry; three representatives of management in the farm implement industry; three representatives of organized agriculture; and three representatives of government departments, namely trade and commerce, agriculture and labour.

Mr. Diefenbaker: I would like to ask a supplementary question. Is it the intention of the Department of Labour to provide for similar meetings for other industries affected by unemployment?

Mr. Gregg: Mr. Speaker, I must admit that this conference on Tuesday is by way of an experiment in regard to an industry in which it is possible to bring together easily representatives from the three groups related to the industry, namely management, labour and consumer. Obviously in the case of the textile industry, for example, it would not be so easy to do that and, consequently, before giving a direct reply to my hon. friend's question I would rather wait and see what comes out of next Tuesday's meeting.

DOMINION-PROVINCIAL CONFERENCE

SUGGESTED REAPPOINTMENT OF ECONOMIC COMMITTEE ESTABLISHED IN 1945-46

On the orders of the day:

Mr. E. D. Fulton (Kamloops): Mr. Speaker, on Monday last I asked a question as to whether the government had made any decision as a result of the suggestion put forward by the premier of Ontario that the dominion-provincial economic committee be reappointed. The Minister of Finance (Mr. Abbott), speaking for himself, said he had not been able to give any consideration to that suggestion. May I ask the Prime Minister if the government has been able to take the matter into consideration? If so, has any decision been arrived at?

Right Hon. L. S. St. Laurent (Prime Minister): Mr. Speaker, the matter has not been discussed in council and, of course, no decision has been arrived at.

Mr. Fulton: May I then ask the Prime Minister whether, in view of the suggestion made by the premier of Ontario as to the purpose that might be accomplished by the reappointment of such a committee, the government will take it into consideration and announce a decision in due course?

Mr. St. Laurent: Mr. Speaker, the matter will certainly be considered, but it would not be practical to consider it in all its aspects without the presence of the Minister of Finance. My hon. friend will realize that between now and April 6 the Minister of Finance has to deal with things which are perhaps not more important but which do happen to be rather more urgent in view of the fact that he has declared the budget will be brought down on April 6.

CRIMINAL LAW

PROTECTION FOR WITNESSES APPEARING BEFORE COMMITTEE

On the orders of the day:

Mr. Harold E. Winch (Vancouver East): Mr. Speaker, I would like to direct a question to the Minister of Justice. Has the minister's attention been drawn to a report in today's *Globe and Mail* to the effect that a columnist's article which attacked capital punishment has resulted in a Vancouver publisher, editor, and columnist being cited for contempt of court? If so, I would like to ask the minister, in view of that, what protection a witness speaking in a similar vein before the joint committee of this house on capital punishment would enjoy?

Hon. Stuart S. Garson (Minister of Justice): Mr. Speaker, my attention has not been drawn to the article in question, and before expressing any opinion concerning it I would like to read that article and ascertain the facts.

ATOMIC ENERGY

DEVELOPMENT FOR POWER PURPOSES IN NEW BRUNSWICK

On the orders of the day:

Mr. A. W. Stuart (Charlotte): Mr. Speaker, in the absence of the Minister of Defence Production (Mr. Howe) I would like to direct a question to his parliamentary assistant. Has the federal government received any representations from the provincial government of New Brunswick in connection with the development of atomic energy for power purposes in that province?

Mr. J. H. Dickey (Parliamentary Assistant to the Minister of Defence Production): Mr. Speaker, in the absence of the minister I

will take that question as notice and try to have an answer brought down in due course.

[*Later:*]

EFFECT OF HYDROGEN BOMB EXPLOSION IN THE PACIFIC

On the orders of the day:

Mr. T. H. Goode (Burnaby-Richmond): Mr. Speaker, I wish to direct a question to the Secretary of State for External Affairs. It is reported in the press today that serious results have occurred from a reported explosion of a hydrogen bomb in the Pacific. In view of that, I would ask the minister: (1) whether the minister is being kept informed by certain governments regarding the effect of the bomb, and (2) if there is any possibility of radioactive dust falling upon cities on the Canadian Pacific coast?

Mr. Coldwell: And (3), what is he going to do about it?

Hon. L. B. Pearson (Secretary of State for External Affairs): Mr. Speaker, my hon. friend was good enough to give me notice of this question. The answer to it is as follows. Although the Canadian government has not been given any information by other governments, and in this case, of course, it would be the government of the United States, concerning the effect of the range of the recent explosion of this hydrogen bomb in the Pacific, there is regular consultation with the United States government on the effect of nuclear explosions generally. I am not, of course, in a position to give a dogmatic reply to the second part of the question, nor, I suppose, is anyone else, but from information available we do not anticipate concentrations which could possibly be harmful on the Pacific coast.

Mr. Knowles: And what is the answer to the third question?

VETERANS AFFAIRS

INQUIRY AS TO AMENDMENTS TO WAR VETERANS ALLOWANCE ACT

On the orders of the day:

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, I should like to direct a question to the Minister of Veterans Affairs. Is the minister yet in a position to tell the house how soon the government's legislation amending the War Veterans Allowance Act will be introduced?

Hon. Hugues Lapointe (Minister of Veterans Affairs): Mr. Speaker, the answer is no.

CUSTOMS ACT

IMPORTATION OF SLINGSHOTS AND MALAYAN STYLE THROWING DAGGERS

On the orders of the day:

Hon. J. J. McCann (Minister of National Revenue): Mr. Speaker, yesterday in answer to a question by the hon. member for Eglinton (Mr. Fleming) I advised him I would look into the matter of slingshots and Malayan style throwing daggers to establish whether representations had recently been received from any police authorities in regard to their importation. Our records indicate that no such representations have been received of recent date.

These articles are normally imported by sporting goods dealers for sporting and game purposes. When imported for these purposes no special permit is required. Should the general use made of these articles indicate that these importations are generally being used for offensive or dangerous purposes the department would consider curtailment of importation by a permit system similar to that operated for revolvers and dangerous firearms and would allow importation only on production of a permit issued by the local authorities.

EXTERNAL AFFAIRS

REFERENCE OF ESTIMATES OF DEPARTMENT TO STANDING COMMITTEE

The house resumed, from Thursday, March 25, consideration of the motion of Mr. Pearson:

That items Nos. 84 to 103 inclusive, of the main estimates, 1954-55, be withdrawn from the committee of supply and referred to the standing committee on external affairs, saving always the powers of the committee of supply in relation to the voting of public moneys.

Mr. Colin Cameron (Nanaimo): Mr. Speaker, last night at adjournment time I was remarking that I felt all intelligent Canadians must have greeted the speeches made by the Secretary of State for External Affairs (Mr. Pearson) in the United States recently with a great sigh of relief that at long last the Canadian government was taking some steps towards effecting a modification of some of the madder aspects of American foreign policy. Last night I was about to add that I doubted whether a reading of the speech made by the minister in this house yesterday would afford the Canadian people the same sigh of relief. Rather I am afraid they would heave a sigh of dismay and consider that we have gone back to where we started.

The minister attempted to explain away for us the statement of the United States Secretary of State, and I wondered whether he had borne in mind the fact that, since he spoke and since Mr. Dulles replied, Mr. Dulles himself had explained away his reaction to the minister's speech in the United States. Presumably we can now expect to have Mr. Dulles again explain away the explanation that was given here in this house last night of his speech. I must congratulate the minister, though, on his skill in dissecting and analysing the meaning of words. I wish that it were possible, by modifying our interpretation of words, necessarily to be able to modify the reality behind those words. But unfortunately we in this world do not fight with semantic weapons. If we did so, let me hasten to assure you, Mr. Speaker, that I would most gladly enlist under the generalship of the Secretary of State for External Affairs (Mr. Pearson).

In the course of his speech the minister mentioned the Berlin conference and spoke in terms which were referred to by a later speaker as rather melancholy terms. Undoubtedly the results of the Berlin conference were extremely melancholy for those who felt that there had been some hope of reaching some sort of *modus vivendi* with the Soviet union on that occasion. Of course it is easy—and unfortunately the conduct and the manner of the Soviet union representatives make it all too easy—to place the blame for the failure squarely on the shoulders of Russia. But in pointing to the mote in the Soviet's eye I wonder whether we sometimes overlook the beam in our own. Just what was our spirit when we entered the Berlin conference? I want to quote, Mr. Speaker, from reports that appeared a month before the Berlin conference. In the *Globe and Mail* of January 15, 1954, there is a report from Bonn, Germany:

> The west German Bundestag moved today to change the constitution to speed German rearmament inside a European army.

Here is another report on the same day from the New York *Times*. It is headed "Bonn house gets three rearming bills" and the subheading reads "Moves to amend constitution; pass first reading despite opposition of socialists". It reads in part as follows:

> Despite Socialist objections, three bills to provide for conscription and rearmament in west Germany by amending the constitution were introduced today in the Bundestag.

I suggest that those two events in themselves gravely imperilled any chances whatever of a satisfactory result coming from the Berlin conference.

I notice that there are those who feel that there was far too much haste on the part of the western representatives at the Berlin conference in the rejection of certain proposals that were made there. I quote from Mr. Sebastian Haffner, special correspondent to the London *Observer* and the *Globe and Mail*, as quoted in the *Globe and Mail* of February 25, 1954. Mr. Haffner has this to say in part:

> Take, for instance, the ideas for an all-European treaty about collective security in Europe, which Mr. Molotov tabled on February 10. They were at once rejected out of hand by the western ministers as if it were possible to study all their implications and draw desperate conclusions from such a study within twenty-four hours!

Mr. Speaker, I suggest that every delegate to that conference must have known, before he entered the chamber, that the proposals that were made for the reunification of Germany and the rearming of Germany as a member of the western bloc could not possibly be accepted by the Soviet delegates.

Let us for a moment place the shoe on the other foot. Let us for a moment ask ourselves what would have been the reaction from the western powers had the Soviet union produced proposals for a free German election and for the arming of Germany after it was well known that the Soviet union had the means of drawing that armed Germany into a satellite group with herself. We know perfectly well that we would have rejected that proposal out of hand.

I suggest that the disastrous change in the viewpoint which has taken place in the western world since 1945 with regard to the rearming of Germany has been the major stumbling block to reaching an agreement with the Soviet union and its allies. There was perhaps one thing which might have united east and west with regard to Europe and that one thing was the justifiable fear of a rearmed Germany. But in spite of that, of course, we proceeded with plans for the rearmament of Germany and held up our hands in holy horror when the Russians told us that they could not possibly accept such an agreement. At Berlin no serious attempt whatever was made to reach some compromise solution that would safeguard both east and west. Moreover, not only was no serious attempt made, but there were deliberate attempts—such as those I have quoted from the Bonn Bundestag—to sabotage that conference before it ever took place.

I know quite well that to speak in this vein is to run the risk of being smeared as a communist and a communist sympathizer. It does not concern me greatly if I am so smeared, Mr. Speaker. I will say this. There is probably no one else in this house who has suffered so much at the hands of the misguided and evil characters whom the Soviet union uses as its stooges in Canada. I have

no sympathy whatever with the form of government that now obtains in the Soviet union. Nevertheless, in spite of all that, I cannot forget—though certain members in this house appear to be able to do so—that it was not the Russians who destroyed six million Jews in Europe; that it was not the Russians who had the concentration camps with the crematories that were attached thereto; and that it was not the Russians who trampled roughshod over the free states of western Europe. I cannot forget that two generations of Canadians have given their lives in order to conquer this danger spot in the heart of Europe. I cannot forget, Mr. Speaker, that twice in our own lifetime from this particular part of Europe there has arisen the most dangerous threat to human freedom.

An hon. Member: Do not forget the Russians.

Mr. Cameron (Nanaimo): My hon. friend says "How about the Russians?" Quite so; how about the Russians. But I want to remind him again that it was the evil forces in Germany, consisting of the most conservative element in Germany combined with the evil gangster element of a military caste, which attempted to dominate the world.

An hon. Member: With the help of the conservative element in Great Britain.

Mr. Cameron (Nanaimo): Yes, with the help of the conservative element in Great Britain.

Mr. Brooks: How foolish can you get?

Mr. Cameron (Nanaimo): The hon. member has apparently forgotten the £400 million loan made by the Bank of England to the nazi regime just after it obtained power, after having sabotaged the democratic Weimar republic. I think we cannot afford to forget that there are in German society dark corners from which emerge periodically in the world this dangerous element, or this dangerous combination. Today those forces are again rising to the top in Germany. We ourselves have some measure of responsibility for that fact. Some hon. members may have noticed that I placed on the order paper the other day questions regarding SS General Kurt Meyer. I did this in response to correspondence from Great Britain where responsible and important military officers who were entrusted by the British government with the task of collecting and collating the evidence against German war criminals have been greatly disturbed by Canada's acquiescence in the release of this man. Today in the paper I see we have gone a step further and that now German war criminals are to be released and their identity kept secret. Now, sir, that has been of course the course of action ever since the end of the war, and under the aegis unfortunately of the United States, we must say bluntly and plainly, the western powers have been led to consort with all the most disreputable and reactionary elements in Europe to the destruction of the element in that society which might have built a better world in the heart of Europe. I think there can be no doubt from a reading of German history that that policy has been disastrously foolish. We have only to take the period, that very short period alas, when the Weimar republic flourished and Germany had the only democratic regime that country has enjoyed. With a virtually disarmed country we had there a flowering of culture that has never been known in the history of Germany since.

It is, moreover, a betrayal of the German people themselves in my opinion that we should place arms in the hands of those very forces within their own society who have led them to destruction twice within our own lifetime. Let me quote for a moment from what Dr. Walter Hallstein, minister of state for foreign affairs, had to say in *Foreign Affairs* of June, 1952, with regard to the proposal at that time of a neutralist Germany. He said:

> A neutralist role would prevent Germany from establishing solid bonds with other members of a real community of nations.

What solid bonds with other nations would have been prohibited to a neutral Germany? Only one type of bond, military bonds. There would have been no obstacle to such a Germany joining the United Nations, and despite the doubts of our Secretary of State for External Affairs (Mr. Pearson) about the United Nations being too universal an instrument I submit that the United Nations is perhaps the best and only hope of a real community of nations. What Dr. Walter Hallstein wanted obviously was the power to enter into military alliances, the power perhaps to use the military power of Germany as it has been used before, to play off the east against the west.

We hear of course very mild statements today from the good Chancellor Adenauer of the peaceful intentions of the Bonn regime, but Dr. Adenauer did not always speak in such terms. Only last year Dr. Adenauer, in his post-election speech at Bonn on September 7, shouted triumphantly to his followers:

> We have always spoken of the reunification of Germany, but should we not rather speak of the liberation of our brothers in the eastern zone. Our aim must be the liberation of the 18 million Germans in the east . . .

I submit, Mr. Speaker, that the attempts of the Bonn government to get rearmament

are a warning signal for the world. Can there be any other purpose from the German point of view—the desire for armaments, the desire again to play that disastrous role of pitting the east against the west, the desire once more to take control of the continent of Europe and use it as a base for attack upon the whole world. I submit that we would be foolish indeed if we persist in this policy of arming Germany, which, all too clearly now to anyone who studies reports from Germany, is again falling into the hands of that evil combination that has been a disaster to Germany and the rest of the world twice in our lifetime,—

Mr. Gauthier (Porineuf): That is a very strong statement.

Mr. Cameron (Nanaimo): —a combination which is perhaps exemplified as well as anything by such people as General Kurt Meyer and Mr. Alfred Krupp, a combination that is perhaps best exemplified by all the ex-nazis who are now being released and the Ruhr industrialists, the same people and the same combination that very nearly destroyed human freedom in the world. I cannot forget that today. I cannot forget that two generations from this country went to destroy that danger; and to see our government acquiescing in rebuilding that danger today is to see the betrayal of everything that two generations of young Canadians fought for.

In the house yesterday we discussed the question of Asia. We heard ringing denunciations from certain quarters in the house of the suggestion of the Prime Minister (Mr. St. Laurent), if it was a suggestion—I am not sure whether he retracted it—that we should at some time recognize communist China. With regard to the whole question of Asia I feel that we have been the victims of the most ridiculous and puerile oversimplification. We speak very boldly of the wickedness of the Chinese and their aggression in Korea. We do not look at that against the background of China which for centuries was the victim of white exploitation, which for centuries had to suffer humiliation at the hands of Great Britain and other western powers, the humiliation of seeing a large part of their economy placed in the hands of these foreign elements, the humiliation of seeing extraterritorial rights wrenched from them without any possibility of protest, the humiliation of seeing their entire economy used merely as a milch cow for western Europe.

Against that background I think that perhaps the Chinese action in Korea may take on a different light. I have always felt that it must be extremely difficult for any oriental to distinguish between those of our race who have exploited them in the past ruthlessly, cruelly and most dishonestly and those of our race who go to fight them under the bright banners of the United Nations. I feel, as many have felt, that in acquiescing as Canada did in the disastrous advances to the Yalu river in Korea we were in fact acquiescing in throwing away the very last chance we had that the Chinese people could be kept out of the clutches of the Kremlin. We threw them into their arms.

I am not sure whether it was yesterday but the Prime Minister did say at one time that we must consider the question of the admission of China to the United Nations and the recognition of China. I am going to suggest that we can view that perhaps in a more rational light if we do not use terms such as I have heard used on the floor of the house, used indeed by the Secretary of State for External Affairs when he spoke here in January, terms such as "the free world", "freedom-loving people", without specifying just what peoples are designated. I believe there is something a little intellectually dishonest in pretending that we can put into one bag as the free world such nations as Franco's Spain, Salazar's Portugal, such nations as Greece under a reactionary regime imposed upon them from abroad, such nations as the dictatorships of South America whose votes, incidentally, were the deciding votes in the United Nations that were supposed to be votes for a free world.

I feel that these oversimplifications are one of the dangers that face us today. What has Canada's role been in this whole affair? I was one of those who welcomed with great enthusiasm the speeches of the Secretary of State for External Affairs in the United States because I felt that when he made those speeches he went very far to redeem what had been, to put it as mildly as possible, a most embarrassing position for Canadians. Certainly I was embarrassed and I am sure a great many other Canadians were embarrassed when we read the report of a speech made by the Secretary of State for External Affairs in this house to the effect that, although the government to which he belonged considered that a certain resolution before the United Nations was ill-advised and ill-timed and not likely to contribute to world peace, nevertheless this government felt obliged to support it. As I say, I welcomed his recent speeches in the United States because I felt they had redressed our situation somewhat. What has Canada's role been? I think on the most charitable basis we can only say that it has been a somewhat shabby role.

We have left the other nations, who are not nearly as well equipped as we are, to stand up for principles of honesty and decency in the world. In our pursuit of peaceful relations and quiet agreement with our neighbour to the south, we have been led into some extremely dubious courses. We have voted against or have abstained from voting on such questions as colonialism, on such questions as the treatment of France's colonial possessions. We have done the same thing with regard to the native population of South Africa, and the menace to human freedom and world peace that it entails. These are the things that many Canadians see that make them slightly afraid, and ashamed of being Canadians.

I suggest, sir, that the time has come for calculated risks. There are times when caution is the most reckless and dangerous course to follow. I suggest that this is one of those times. Let us for a moment consider the recent developments in United States and British military policy, and see how they fit into our role in the world scene today. We are spending some $2 billion, presumably for defence, and yet every report from the United States and Great Britain suggests that the United States is now retreating, if one may use that word, to dependence upon peripheral strategy; to dependence upon the very thing of which Mr. Dulles spoke in the United States and to which our government took exception. They are depending upon the power to drop atom bombs on actual or potential enemies any time that they consider it necessary. I suggest, sir, in that case we may well question the value of many of our defence expenditures today. This afternoon I heard the Minister of National Revenue (Mr. McCann) state he had been investigating slingshots. I would suggest it might be a good idea for him to investigate some of our conventional weapons to see if they are very much more valuable in an atomic age. I would suggest a careful examination of this expenditure in the light of recent developments, and in the light of the recent horrors in the Pacific, because it might well indicate a large part of these expenditures are useless burdens on our economy. Such an examination may indicate that now is the time for decisive action, a reduction in our defence expenditures and the application of those funds to aid those parts of the world which may very well fall victims to communism through internal collapse and disorder.

Yesterday the Secretary of State for External Affairs (Mr. Pearson) spoke of the necessity of a decisive act of faith. I could not agree more that we need some decisive act of faith, but not an act of faith in some power outside ourselves to save us from the results of our own folly and stupidity. We need faith that decency, courage, toleration and plain human kindness will promote a like response from those to whom we advance it. It is perhaps ironic that one who, like myself, has no religious beliefs should feel impelled this afternoon to bear witness to the conviction that the carpenter of Nazareth was not merely giving us counsel for moral perfection but giving us a practical prescription for human relationships and international relationships when he enjoined us to love one another and bear one another's burdens. The only sure foundation for stable human relationships is found in that doctrine.

I would say this to this government. The people of Canada are expecting you to give a lead of that sort today. They are expecting you to go forward and make that decisive act of faith. Let Canada go forward into the world with this as our slogan to that age-old query, "Am I my brother's keeper?", that we have only one answer, a resounding affirmative. Then, Mr. Speaker, you and I perhaps might be able to stand before the world and say with pride that we are Canadians. Otherwise, sir, if we are too cautious, if we are careful, if we think we can solve these problems by mutual destruction, then indeed the whole long course of human history from the caves of prehistoric days to the present has been, as someone said, a tale told by an idiot, full of sound and fury, signifying nothing.

Hon. George A. Drew (Leader of the Opposition): I cannot rise in this debate to deal with the subject that is presented to us, Mr. Speaker, without referring for a moment to some statements that have just been made. I noticed the quotation concerning sound and fury signifying nothing, and that is what we have heard. But it goes farther than that. This hon. member has talked about the possibility of being ashamed of being a Canadian. May I say to the hon. members in this house, whatever basis we may have for differing as to the way in which Canada proceeds with its tasks, let no Canadian rise here and say he is ashamed of being a Canadian.

He poses a question for us, am I my brother's keeper? Let us examine that question. Let us ask him and ask others who pose that question, in the context in which it has been posed, what he thinks of those saintly Russians that he has pictured who have now enslaved a larger number of people than have ever been brought under a single slavery in the history of the world. Ask him that question and pose that same question to others who echo it in relation to the people in

China today who did not come under communism through any peasant uprising, but as a result of an invasion of a Chinese fifth column, organized and dispatched on its task by Russian officers. Ask him what he thinks about the brothers, cousins, mothers, sisters, and relatives of people in this country now living beyond the iron curtain in Czechoslovakia, in Roumania, in Hungary, and think of the hundreds of thousands of people in this country of Ukrainian and Polish blood, whose relatives today are under that slavery. Ask him the question, am I my brother's keeper?

Yes, let that question be posed in relation to Belgium, with all its tradition of freedom and democracy. Let us forget no nation today under the communist yoke before we seek to pose the question, "Am I my brother's keeper?", if we are prepared to forget the hundreds of millions now under the vilest form of slavery the world has ever known. He did not need to remind us in this house that twice in a single generation the armed forces of Germany have been pitted against us in bloody war. There are too many men here in this chamber who felt the impact of that war to need any reminders of the realities of that terrible war.

There is no one I hope in this chamber today who is forgetful of the most frightful pages in the history of mankind when men, blind, insane, drunk with power, carrying to its ultimate insanity appeals to prejudice and race, exterminated people in Germany in their millions, in one of the most unforgettable and barbaric acts of mass murder one has ever known. We know that; and it is because of that we now can read in the pages of recent history what was done to seek to impress upon the people of Germany, as upon the people of Japan, that no longer in the international fellowship of mankind will murder and barbarism of that kind be tolerated.

Whatever legalistic arguments there may be about any details of the Nuremberg trials, we know that those trials represented an attempt to stamp out this evil thing. No matter whether all who should have been punished were punished, we know that the trials and the executions in Japan were for the same purpose.

In this imperfect world it is certain that many who should have been punished have escaped. This will not be the first time that the hand of friendship has been extended to those who have been defeated in war in the hope of bringing the people who have been defeated in that way into a fellowship and understanding that can be for the common benefit of all mankind.

The whole of our history, the whole genius of our society, is the attempt that has been made over and over again, and with considerable success, to bring into friendship and understanding those against whom nations have been engaged in bloody and terrible conflict.

No, it is unnecessary to remind members in this House of Commons that, twice in one generation, we have been engaged in terrible conflict with German armed forces. I can only repeat that there are too many here in this chamber who themselves took part in the combined effort to destroy those forces, to need any reminder of this kind today.

Then, let us look at the sympathetic attitude shown toward Russia by the speaker who has spoken to us in terms which, fortunately, in my recollection have not been used on earlier occasions in this chamber, since the departure of Mr. Fred Rose. Let us not use soft terms to describe this unqualified condemnation of the representatives of Great Britain, the United States and France who went to Berlin in the hope of achieving some measure of sanity in Europe, and extending that sanity to Asia as well.

What a strange and indefensible thing it is to hear these charges being made—here, in this chamber—against those who have been associated with us in the common purpose of the defence of freedom, and to hear these charges made in terms that, I am sure, will bring comfort to the representatives of the Kremlin who, here in Ottawa, are engaged in reporting any favourable things that they can send back to Moscow from here.

No, these remarks should not be overlooked, because the fact that they were made here today indicates why it is so necessary for us to keep clearly before the people of Canada exactly why it is that money is being spent on defence, and exactly why it is that young Canadians, at this very moment, are in Korea, are in Europe, are on the oceans of the world, ready to play their part if that ghastly necessity should ever arise to defend that freedom which is the priceless heritage of the democracy we cherish here in Canada under our parliamentary system.

Strange, indeed, that we should hear a defence of the Russian position at a time like this when we are about to be represented at Geneva, along with other nations who are going there, in the hope of presenting some ray of light, some prospect of freedom, to those now enslaved by the government of a nation which, itself, today might be enslaved had we not gone to its rescue in 1941 and

1942. Has anyone here forgotten the epic story of those ships which, from Canada and other free nations, through the frozen waters of the Baltic carried supplies to Russia in their desperate hour of need, so that the Russian soil and the people of Russia for whom we had friendship—no matter what their governments might be—should not be enslaved by that nazi system against which we were fighting at that time? Who has forgotten the story of young men, frozen to their death, not for the defence of Canadian soil but so that Russia might be saved from nazi invasion? Who has forgotten the young men in those ships which were under attack by air, by submarine, by surface ships and which were carrying the aircraft, tanks, trucks, and all those things Russia needed so desperately at that time to survive the full weight of the German onslaught, which then extended from the Baltic right through to the Black sea?

No, unfortunately it seems necessary to remind some people of those facts, and to remind them that one of the reasons that our freedom is in danger today is that the nation which we befriended at that time betrayed us after the war was over, extended its power into nations whose freedom we thought we were protecting, and today has enslaved some 600 million human beings. Nor is this the beginning of Russian dreams of conquest; nor is this the beginning of Russian dreams of power. How did Russia come to occupy the largest territory inhabited by any single nation? By conquest following broken promises throughout the centuries.

Ask any Ukrainian in Canada about the history of his country, and he will tell you why it is that the Ukraine came under Russian slavery 300 years ago. He will tell you of a tragic blunder exactly 300 years ago this year, when the Ukrainian government of that day, seeking to strengthen its position in relation to other nations, entered into an agreement of friendship with Russia. As with other nations throughout history, Russia then flooded the Ukraine with its armed forces, established its position and except for a short period following the first world war, the Ukraine has been enslaved by Russia ever since. Under different forms of government that has been the picture. Today the only difference is that a more Godless dictatorship, a more brutal form of slavery, a more heartless despotism, is in power in Russia than at any time in the past.

I was moved to make these remarks, Mr. Speaker, because of the strong words that have found their way into the pages of *Hansard* from the mouth of the speaker who just sat down.

Now, may I deal with the subject that is before us? We are dealing with no academic problems; we are dealing with no argument in mere terms of likes or dislikes; we are discussing the very possibility of survival as a free people. It is nothing less. It is in that light, it is with that approach that we should examine the situation now before us.

When we hear suggestions that it might be wise to reduce our armaments, when we hear suggestions that we could well rely less on military defence, surely we need only to ask one question: Where is there any evidence available that Russia has reduced its armed strength by one aircraft, one ship, one tank, one submarine or one man or woman in uniform? Nowhere. On the contrary, the boast has been repeated over and over again that their military strength is increasing all the time.

It is in the face of that military strength, of that brutal reality, that we should consider the problems now before us. It has been a refreshing incident of the parliamentary experience of those of us who have been here for a few years that almost without exception we have found common ground in regard to the policies affecting our international relations. At the time that the Prime Minister (Mr. St. Laurent) left on his recent trip to visit so many countries around the world, he left with the genuine and wholehearted assurance of the members of this house that he could speak, and we hoped he would speak, on behalf of Canada and of all Canadians. We welcomed him back in the same spirit; we welcomed him back as the head of the government of Canada; we welcomed him back as the citizen chosen by the free vote of our people to speak with the highest measure of authority on behalf of Canadians outside of this country. Now it is necessary for us to examine the situation with which we are confronted.

Those of us who do not agree with any aspect of the position taken by this government, or any of us who are uncertain about the position of the government in regard to subjects in relation to which we have very strong and deep convictions, would be derelict in our duty if we did not speak with the utmost frankness in regard to those subjects. We had been led to believe that this motion to refer the estimates of the Department of External Affairs would provide an opportunity for a statement on external affairs that would clarify the position of this government not only for the benefit of hon. members but for the people of Canada.

I must confess great disappointment in the statements made yesterday by the government. The Secretary of State for External

Affairs (Mr. Pearson) told us what had happened at Berlin. He told us of the failure of that conference except for the extent that the meeting at Geneva may be regarded as offering some hope. He told us also of the failure of that gathering to deal either with German unification or with a solution of the Austrian situation; and then he went on to deal with certain misunderstandings which had occurred as a result of a speech by Mr. Dulles some time ago. He pointed out the misgivings with which this government had heard of the announcement by Mr. Dulles of the assurance of massive retaliation in the event of circumstances arising which, in the opinion of the government of the United States, justified action of that kind. He spoke of the ambiguity of the words that had been used. He told us of the attempts which had been made to clear up the situation and to remove that ambiguity. He left us with the impression that massive retaliation would not occur without consultation.

But, Mr. Speaker, I do not believe he can have quite accurately interpreted what was in his mind. If he had told us that there would be consultation in regard to the circumstances under which there would be massive retaliation, then I think it might conform with what we have been told by the President of the United States through press reports we have received. There is a difference, and a very great difference. The eventuality against which the massing of all this dreadful hitting power has been taking place is that frightful eventuality of attack, either on the United States or on one of the nations with which we are associated. Is it thinkable that if such an attack occurred those forces which have been assembled for the defence of freedom would be held in leash while there was consultation? It is unthinkable.

Is it within the realm of possibility that the government of the United States would permit bombing to continue, or atomic attacks from submarines or surface craft, continued day by day or even hour by hour, without action until there had been consultation? It is simply not a possibility. That was recognized only a few days ago in Britain when it was indicated quite clearly that there would be agreement as to the circumstances under which the bases in Britain would be used, but it was very clearly understood that retaliation would be immediate, massive and dreadful.

The fact is that we are perhaps nearer the hope of lasting peace today than we have been for a very long time. It is a terrifying thing to admit, but as we read of the ashes from the hydrogen bomb at Bikini blowing 800 or 900 miles still impregnated with the effect of that explosion, there must be in the minds of the men in the Kremlin, as of anyone else, how universal the destruction would be if the ultimate madness of war came once again.

There are many men in this chamber now who will remember how they were compelled to carry gas masks throughout the early years of the war. They were warned never to be without them. They knew that the enemy possessed, and that we possessed, gases of the most dreadful kind. That frightful weapon was never used. It was never used because it would have been so terrible on either side.

But here is something infinitely more terrible, so terrible in fact that it staggers the imagination. Only today responsible newspapers throughout the world are suggesting that great restraint should be exercised in the explosion of any more of these bombs. Editorials have pointed out that by accident someone may go beyond the controllable limit and thus send dangerous and deadly radiation throughout the greater part of the world. That is now a real and dreadful possibility.

One of these editorials in one of the most responsible newspapers published today pointed out that this presents the dreadful prospect that some madman, cornered and hopeless, might employ this dreadful weapon. That could be true. Certainly by every device within our power, certainly by every effort open to men of common sense and good will, we should be seeking to prevent that frightful possibility, which now unhappily is a possibility.

Anything I say will be said in the belief that what we do as a nation should bear that possibility in mind, and should keep that dreadful reality always before us in any decisions that are made. For that reason I wish to examine what was said yesterday, and what is still before us in regard to communist China and the conference which is to take place at Geneva.

The Prime Minister (Mr. St. Laurent) explained yesterday that under the pressure of questions by members of the press he thought he might have used words that did not exactly interpret the thoughts that were in his mind. No member of this house will show any disposition to question in any way the explanation he has given. Certainly there is not any member here who is unaware of the difficulties presented by the kind of questions that are presented under pressure as someone leaves an aircraft, gets off a train or arrives at his destination, when he is either at home or abroad. That explanation we

accept without reservation. However, that does not dispose of the concern that is felt.

The Secretary of State for External Affairs (Mr. Pearson) on an earlier occasion called our attention to the fact that the Prime Minister had used words similar to those which had been used on this occasion. It is true that those words had a distinctly different meaning in one particular aspect. The Secretary of State for External Affairs pointed out to us that the Prime Minister last year had used words that did not speak of the government which the people wanted but which spoke of recognition in other terms. I am referring to the statement made by the Secretary of State for External Affairs on March 8 last, as reported at page 2748 of *Hansard*. That was at the time a question had been asked with regard to these words which had been reported and which spoke of the government that the people wanted. The Secretary of State for External Affairs said this:

> That is a press quotation from the Prime Minister's statement in respect of the recognition of the communist government of China. In that connection, Mr. Speaker, the Prime Minister said almost exactly the same thing in Ottawa on June 12, 1953, when he spoke on the same subject. He said then:
>
> "We have got to be realistic on such problems and be prepared to deal with those who represent the nation over which they exercise authority."

Mr. Speaker, that statement has been given to us as one interpreting the position of the Prime Minister. But since the Prime Minister has left the matter—and I use the word in no way offensively—in the same situation as that in which Mr. Dulles' statement apparently originally was, namely in a state of some ambiguity, let us see what the Secretary of State for External Affairs has been saying on this subject. He was noticeably silent on this subject yesterday, but he has not been silent on it recently; he has made a number of statements with regard to this subject. I therefore think it would be appropriate to examine what he has said, bearing in mind that this discussion arose in relation to Canada's position at the conference that is to take place in Geneva on April 26. Amongst other statements—and there were other speeches dealing with this subject—the Secretary of State made one dealing with it in Washington on March 15, one at Chicago on March 19 and one in Windsor on March 22. In Washington he said this, and I quote his words according to the press dispatch:

> There is no question of recognition while the Korean war is unsettled, . . .

In Chicago he said that we would be prepared to consider recognition—and I use the words in quotation marks that were in the report—"if there are no new aggressions". In Windsor—and again I quote the words exactly as they appear in the report—he said:

> If Red China adopts a conciliatory attitude at the Geneva conference in April, Canada might take a new look at the situation.

Then he added these words:

> "And remember, . . . that conference is to be about Korea."

Mr. Speaker, these statements are certainly not open to the same ambiguity as were those of the Prime Minister yesterday. I of course refer back to the words of the Prime Minister which were placed on record as recently as March 8 by the Secretary of State for External Affairs. They do not appear to be ambiguous, because the Prime Minister had said:

> We have got to be realistic on such problems and be prepared to deal with those who represent the nation over which they exercise authority.

In those words there is no question of consent; the words used were "the nation over which they exercise authority".

I should just like to place on record certain words of the Secretary of State for External Affairs, in addition to those I have quoted, from the press reports dealing with those speeches I have mentioned. In the press report of the speech made by the Secretary of State for External Affairs in Washington on March 15, he said this:

> . . . one of these days there will have to be another look at the whole question, with a decision to be based on our national advantage and international advantage. That doesn't mean any probability of recognition at this time.

Then in Chicago on March 19, according to the Canadian Press dispatch of March 20, the Secretary of State for External Affairs had this to say:

> There is a strong attitude against recognition of that (Red China) regime in the United States but we in Canada are a little more cautious. We feel that if there are no new aggressions in the near future we should take another look at that problem —a more realistic, less emotional look.

Then on March 22, just four days ago, in Windsor, according to another Canadian Press dispatch the Secretary of State for External Affairs had this to say:

> "Realistic doesn't mean that we will recognize Red China tomorrow, or refuse to recognize her a year from tomorrow",—

That is the end of the exact quotation.

> —he said, commenting on a suggestion that recognition of the Peiping regime would be Canada's only "realistic" course of action. If Red China adopts a conciliatory attitude at the Geneva conference in April, Canada might take a new look at the situation. "And remember", Mr. Pearson added, "that conference is to be about Korea".
>
> If the Reds are willing to give assurances that their aggression in Korea is a thing of the past, and

that they are ready to take an honest line in international affairs, he said, Canada must consider following Great Britain's lead in recognizing the Peiping regime.

These, Mr. Speaker, are the words of the Secretary of State for External Affairs of Canada. These are the words of the minister charged with the first responsibility for external affairs. These are the words of the minister who speaks for the government and must speak for the government with regard to external affairs. Therefore, even though there be some ambiguity and even though there be some variety in the explanations of the approach, we have this definite statement as reported in the press. Of course I recognize that I am simply repeating a Canadian Press dispatch, and I would point out that these words in the dispatch are a summary of what he said:

If the Reds are willing to give assurances that their aggression in Korea is a thing of the past and that they are ready to take an honest line in international affairs, he said, Canada must consider following Great Britain's lead in recognizing the Peiping regime.

These words have a reminiscent sound. Who will forget that tragic figure, umbrella and all, getting off the plane which had returned from Munich? Who will forget that tragic and earnest figure, that sincere man, so hopeful that he had done something for peace, so completely dedicated to the task and yet so misled in what he had done? Who will forget the picture of Chamberlain getting off the plane on returning from Munich? Who will forget his words—"peace in our time"? Who will forget his assurance that Hitler had told him that he had no further desire for territorial aggression? Who will forget how short a time after that it was that the world was plunged into a bloody and dreadful war, not entirely without some relationship to the fact that the German government thought that there was going to be no stopping of the step by step appeasement of their further demands for still more territory?

No, surely so soon after the last war we are not going to forget that if there was one thing about which everyone was agreed in 1940, 1941, 1942, 1943, 1944, 1945 and in the years that followed it was that appeasement did not bring peace but was one sure way to invite a tyrant to start a war. That was what everybody said. We all said it and I think we all believed it. I believe it today and I think there are many others who do. I think that by every sign of encouragement offered either to the Kremlin or to their associates, from which they might be led to believe that further territorial aggression will be possible without any active measures being taken, we are indeed actually increasing the prospects of war.

I use the word "war" and not "aggression". It was cruel, terrible and bloody war in Korea, and it was the government of Mao Tse-tung which was responsible for that war. It was the troops of Mao who were fighting our young men only a few months ago. When we talk of recognition of the government of communist China, let us remember that we are talking of recognizing a government whose hands are still red with the blood of young Canadians and young men from other lands who went to Korea to defend a principle as well as a territorial area within that tragic peninsula.

Surely we do not need to be in any doubt about the fact that China will give assurances that it will not start any other aggression. Yesterday we had placed on the record the statements of Lenin and the advice given by the communist teachers that no deception, no dishonesty, no misrepresentation should be avoided if it will serve the purpose of communist activities. That was an instruction given to those weak-minded people who were inclined to follow the course of honour. These instructions were given to communists who had made the mistake of acting as decent men and women. They were told they must not be misled by any restraint of decency of that kind, that they must lie, that they must deceive, that they must misrepresent as part of the great world struggle of communism.

Certainly the government of communist China will give assurances that there will be no further aggression. One of the reasons I am speaking in this debate, on a motion that we all support, is to raise my voice, which I am certain is not a voice speaking alone, against any possibility of Canada saying at Geneva that there will be recognition only upon the basis of some assurance by communist China which has been declared an aggressor by the United Nations. That is the purpose of these statements. That is the hope with which we present our arguments, that they may have some impact on the thoughts of those who have the responsibility for representing us on that occasion. I most certainly am not in any way going beyond the bounds of the words used by the Secretary of State for External Affairs when I say that the words attributed to him in the press reports to which I have referred leave a clear and unmistakable impression that as long as the communist government of China gives assurances that there will be no further aggression then Canada may take a more realistic and less emotional outlook.

Mr. Pearson: That is a completely wrong interpretation.

Mr. Drew: I am not incorrectly interpreting the report. I am certainly not incorrectly interpreting the report.

Mr. Pearson: It is a completely wrong impression.

Mr. Drew: I am certainly not giving a wrong impression of the words. I am giving the words themselves. Let me read the words again if there is any such suggestion. If the minister is not correctly reported then let him say so. He has not said so at any time yet, nor has he suggested it. These are the words attributed to him in quotes from his speech in Chicago:

> There is a strong attitude against recognition of that red China regime in the United States. But we in Canada are a little more cautious. We feel that if there are no new aggressions in the near future we should have another look at that problem —a more realistic, less emotional look.

Again I repeat, in view of the interruption, the statement attributed to him in the Canadian Press dispatch from Windsor on March 22:

> If the reds are willing to give assurances that their aggression in Korea is a thing of the past, and that they are ready to take an honest line in international affairs, he said, Canada must consider following Great Britain's lead in recognizing the Peiping regime.

If those are not correct reports, then by all means let him correct them. If they are correct reports, Mr. Speaker, they represent a position which I, for one, in this house personally hope with all my heart will not be expressed by Canada at Geneva on April 26. It is with that hope that these statements are being made. Nothing that has been said so far in this debate by the Secretary of State for External Affairs or the Prime Minister gives us any reassurance in relation to those words.

What about Indo-China? There is no reference to Indo-China in this statement. Do these statements, by the exclusion of Indo-China, mean that so long as assurances are given in connection with Korea our government is prepared to consider recognition, even if the war in Indo-China continues? I hope there will be no suggestion of that. I hope it will not be forgotten that, distant though the relationship may be, there are young men from France fighting in Indo-China today who have blood relatives in Canada who have been fighting the same communist evil in Korea within these past few months. I hope it will not be forgotten that France, our historic ally throughout the great struggle of the past for the freedom we now seek to preserve, is engaged in a deadly and terrible conflict with armed forces which could not remain in the field for a single day if they were not supported and maintained by this communist government in Peking.

No, Mr. Speaker, I will welcome the assurance of the Secretary of State for External Affairs that he said something that was not contained in this report. I will welcome assurances from him that when he emphasized the fact, and took pains to emphasize the fact, that the conference was only for Korea and that if there were assurances in regard to Korea recognition might be considered, the government of Canada will not go to Geneva and offer any hope to the Peking government that there can be any thought of recognition while this costly struggle in Indo-China is carried on with its support.

Let us remember also that when we talk about recognition we are not speaking about the fact that we recognize the reality of the existence of a communist government in Peking, as the Prime Minister said yesterday. Let us remember, when we talk of recognition in its diplomatic sense, we are talking about formal recognition of a government whose armed forces have been fighting against ours, which has been declared an aggressor and which is anything but a peace-loving nation by present standards.

There is another thing that has not been mentioned by the government but which was mentioned by the hon. member for Prince Albert (Mr. Diefenbaker) in his very comprehensive and forceful examination of this subject yesterday. Recognition of the communist government of China means entry into the United Nations. Do not let the Secretary of State for External Affairs or anyone else in this house suggest it can be otherwise.

It cannot be otherwise, for one very simple reason. The United Nations charter was signed by nations. Men appended their signatures only as the individuals charged with the responsibility of speaking for a nation that was represented there. It surely is not without significance that when we look at the charter of the United Nations, signed with such solemnity in San Francisco on June 26, 1945, the first name to appear in the long list of signatories is that of China. It is not the nationalist government of China, not the Peking government, not the republic of China, but just China. Then are appended the names of those who signed under instructions of the Chinese government in those days. There can only be one China, just as there can only be one United States, one Britain, one France, one Italy and one of every other nation whose representatives signed there.

If we recognize China we recognize that government as the government of China, and who then can deny them access to the United Nations? Who then can say that they have not the right to be there as the representative of the nation which signed? We know that Formosa is only a part of China. We know that Formosa is only a small part of the territory embraced under the term "China". It is neither a practical possibility, nor is it contemplated that if there is recognition China will be denied admission to the United Nations. If there is anyone in any doubt, let him read the reports of the speeches of Sir Gladwyn Jebb and the Secretary General of the United Nations in London last Friday, where they, to my surprise, rather took some people in the United States to task for resisting the entry of communist China into the United Nations. Read the speeches and read the arguments, and you will find there is not any doubt that those who are talking of recognition are talking of the entry of communist China into the United Nations.

Therefore, Mr. Speaker, my remarks are directed not alone to any technical form of recognition, and I recognize that there are six distinct forms of recognition as put on the record last night by the hon. member for Eglinton (Mr. Fleming) from one of the greatest experts on international law.

Let us not becloud this subject with any legalistic limitations. There may be six types of recognition, but the kind of recognition that is talked about and is thought about is the kind of recognition that would open the door to the United Nations building in New York. Therefore let us consider this subject on that basis, when we express our opinions now as to the course Canada should follow at Geneva on April 26.

Who are supposed to be members of the United Nations? There are terms of membership. Article 4 describes those who are qualified in this way:

> Membership in the United Nations is open to all other peace-loving states which accept the obligations contained in the present charter and, in the judgment of the organization, are able and willing to carry out these obligations.

Who, in their right senses, could suggest that China at this time is a peace-loving nation? Who, in their right senses, at this time could suggest that communist China can subscribe, in honour, to the obligations contained in the charter of the United Nations?

Oh, but it may be said, "What about Russia, which is a member of the United Nations?" Yes, Russia signed the United Nations charter in June of 1945, at a time when we were fighting in a common cause, at a time when Russia was receiving without stint from Canada, from the United States and from Great Britain, military supplies and equipment of all kinds to help them in that terrible struggle. Yes, Russia signed at a time that we had hopes—not justified by events, it is true—but nevertheless at a time we had hopes that Russia was prepared to act with some decency within the fellowship of the nations of the world.

There is a great difference between expelling a nation already a member, and permitting a nation to enter. Expulsion is practically an impossibility, in any event. But, Mr. Speaker, let us remember this, that if China is permitted to enter the United Nations, and Sir Gladwyn Jebb said it should be permitted to do, and as Mr. Hammarskjold indicated he thought it should be permitted to do—let us remember that not only does it become a member of the United Nations, but that it becomes a member of the United Nations with unique powers, authority and privileges. It becomes a member of the United Nations with those same special powers possessed by the United States, Great Britain, Russia and France, with the power of veto, and with other special powers giving it immense importance.

Could there be anything that would be more openly declared lunacy than for any person today to suggest that the United Nations is going to be an effective force for peace, and to stop aggression, if we invite into that special forum a nation which at this very moment is a declared aggressor and which has been waging bloody, cruel and frightful war? Not only has China been waging brutal, cruel and bloody war, but it has been defying those international rules which still have imposed at least some limits upon the horrors of war between decent nations.

Who has failed to read with sickening heart the stories printed about prisoners returning from Chinese prison camps, where murder, beatings, starvation and all the horrors referred to already, which came from that twin evil, nazism—who, I say, can read those and then talk about welcoming this nation as a fellow peace-loving nation at this time?

Mr. Speaker, there is another reason why communist China should not become a member of the United Nations under present circumstances, and why it is folly even to be talking about the possibility of that occurrence. When Canada, along with the other nations that signed the North Atlantic pact, entered into that mutual arrangement for defence, they implied—if they did not state in explicit terms—that the United Nations was incapable, under present conditions, of acting to prevent aggression.

Everyone knows the procedure by which troops were moved to Korea, and how the United Nations was brought into it. But, Mr. Speaker, we all know that, through the ordinary machinery of the United Nations, that act which has been a great deterrent to aggression would not have been a practical possibility. The North Atlantic Treaty Organization, carried out it is true within the structural framework of the United Nations Organization, as was ANZUS, recognized that if the free nations are going to be able to build up their defences against aggression, they must do it through some channel other than the ordinary machinery of the United Nations Organization. That does not mean that the United Nations Organization is not effective for many useful purposes. It does not mean that we should not support it in every way we can in the hope that through the years ahead it may become a forum for the reasonable discussion of international problems and for the advancement of the economic and social welfare of all people. In so far as effective defence against aggression is concerned, it has been necessary to follow another course.

In view of that fact, how can we justify any suggestion at this time of making the United Nations even less effective than it is today? What would happen would be that you would have Russia and China acting in unison to disrupt every effort at constructive development within that organization. You would simply double the trouble that Russia has already been able to make because of their special position. You would simply increase by exactly 100 per cent the measure of paralysis that has been imposed upon the United Nations Organization by Russia's planned sabotage.

No, Mr. Speaker, while this is not something in regard to which we are called upon to vote, let us hope that there will be a sufficiently emphatic expression here of a desire to see no compromise with this evil, that there will be no uncertainty at Geneva as to what the position of Canada is. It is my earnest hope that between now and April 26, when that conference begins, as a result of the discussion that has taken place here, there will be further discussion throughout Canada that will inform the government that the people of Canada want no compromise with the devil.

What a pitiful hope is that vain hope expressed in terms of such utter unreality that if only we should be kind, generous and gentle to Mao Tse-tung perhaps he will forget his associations with Moscow and will embrace our free nations in a formal fellowship which will pit him against Russia in their threat to the world. What a mad dream! What a dangerous dream! What a pitfall for nations which fell into that pit once before. Just let us remember certain things which indicate what folly it would be to embrace any such preposterous dream.

There is a vast difference between Yugoslavia and China, not in the principles to which they adhere, not in the form of government, but in certain geographic realities. I almost hesitate to use that word "realities" or "realistic", having regard to the context in which it has been used, because "realistic" has been used as "materialistic", but "realistic" nevertheless perhaps does describe the approach we should make to it.

Tito broke with the Kremlin not because he had broken with communism, but because he had certain ambitions of his own and because he had a very powerful mountain barrier between him and Russia, and because he had behind him the ocean where he could get supplies from those who, wisely or unwisely, were prepared to give them to him. Can anyone think for one moment that if Tito had been on the other side of a great ocean and had no prospects of military supplies and other help, he would have invited certain punishment that would have been visited upon him by Russia's forces at that time?

No, Mr. Speaker, there were many reasons why Tito took the stand he did, and we should welcome that, and we should hope that as the first step toward free government the same thing may happen in other lands. And I say "the first step toward free government", because it is my hope that under the influence of the outside world Yugoslavia may gradually emerge from communism into a better form of government that will bring freedom to its people. That is a possibility, once they are separated from the Kremlin. It is not a possibility as long as that slavery is a continuing reality.

Let us see what chance there is of a similar thing happening in the case of Mao. May I repeat something that needs to be repeated? Mao Tse-tung did not lead any agrarian uprising. He used so-called agrarian uprisings and he used everything else that would help his cause at different times; but the turning point in the career of Mao Tse-tung came after what is known as the long march when, having fought his way more than 5,000 miles across China, he found himself on the Soviet border, in valleys, under the shadows of the mountains where, with the assistance of Russian officers, Russian supplies and Russian equipment he could prepare the army that later invaded China.

We need not compare governments; we are not called upon to examine the merits or

demerits of Chiang Kai-shek or those associated with him in Formosa in discussing this subject. There were times when there was not the same resentment against Chiang Kai-shek as is expressed today. Nevertheless, that subject does not come up in considering this question of admission of the communist government of China to the United Nations.

Every argument I make is as potent an argument if there were no government in Formosa, or if the government of Formosa were itself a vassal of the Kremlin. I am dealing with this simply on the basis of the admission of a government such as that headed by Mao Tse-tung. No; let us remember what happened. They organized, and this Chinese fifth column, well supplied, well equipped, well trained, invaded China, and they were able to set up a government in China because of the support of Russia.

Let us consider now what the likelihood would be of Mao Tse-tung divorcing himself from the Kremlin. I am sure that every hon. member of the house who saw the photographs of the recent parade in the great square at Peking saw that they were similar to the military parades across red square in Moscow. If they did, they saw a formidable display of tanks, mobile cannons, and armed might reminiscent not only of those parades across red square in Moscow, but reminiscent of the equipment which appears in those parades, because every gun, every tank, every aircraft, every truck, and every piece of equipment was the same as those that would be seen in the parade in Moscow, and for the obvious reason that they came from the same factory.

Let us look at it the other way, Mr. Speaker. What is going to happen if encouragement be offered to Mao's government? There will be some people who will rejoice because it was as recently as March 6 that a directive was issued to the communist party in the United States dealing with this and other subjects. That directive is similar to directives issued to communist parties in every country where there is a communist party, though not to communist governments for they do not require them. They issue other kinds of directives in those countries. But in every country where we so generously permit treachery of that kind these directives have been issued, and one of the things for which the communists are ordered to work is the achievement of recognition of communist China.

I do not suggest, Mr. Speaker, that just because it happens that they ask for that we should close our ears to any argument, but I must say that I for one am not particularly anxious to find myself engaged in a procedure which will bring comfort and solace to those men who are acting as traitors in our midst for purposes outlined by the Kremlin. Nor do I suggest for one moment that any hon. member opposite would have any such feeling. I am not so sure about the attitude of one hon. member who has spoken in this debate, but that, of course, is something for which he alone is responsible, both for the interpretation and for the words themselves. No, Mr. Speaker, this is a reality and we all have a duty to approach it in the sense of reality.

Let us turn to another aspect of the situation. One of the things that has been said is that if communist China gives assurances that we then might be inclined to follow the course which Britain followed. But let us not be under any misapprehension as to the course which Britain followed. Personally, I think it was a great mistake that they recognized communist China at the time they did, and that is not my opinion alone. It is the opinion of the present British foreign secretary. In fact he went so far as to say that it was terrible that it had been done at the time and in the way it was done.

Those who are inclined to blame Britain for what they did might well remember that this took place under a socialist government in Britain, and that the situation was one which was taken over by the present government of Britain. Only the present government of Britain is in a position to state what it would do, but in view of the statement made by Mr. Eden as long ago as January, 1950, I have little doubt that he would have taken a very different attitude had the opportunity been presented to him.

I spoke of the word "terrible", Mr. Speaker. What Mr. Eden was emphasizing was how terrible it was that there had been any lack of unity in details of that kind. I would like to quote from a statement he made published in the *Daily Telegraph and Morning Post* of London dated January 20, 1950:

> The Far Eastern policies of the Atlantic powers and their friends are in a rather dismal tangle. They all apparently intend the same thing, but they are moving at so different a pace that they are jerkily out of step. The recognition of the communist government in China provides a recent example of this inconsistency, though not the most important. A divergence of view and discrepancy in action between the British and American governments in this instance may even do good if they draw attention in both countries to the need to co-ordinate their policies without further delay. As regards the actual recognition, there is a fair field for argument on practical, as well as on legal, issues. The decision to recognize is no doubt eventually inescapable, but it is a real misfortune that in this, as in other Far Eastern matters, we should be acting

piecemeal, both within the commonwealth and as between the commonwealth and the United States. The French, too, appear to be embarrassed by our timing.

Mr. Eden went on to point out the need for greater unity of action, and he emphasized that the problem was not merely military but economic. Of course, at that time there had been no attack in Korea. That, Mr. Speaker, changed the situation. There can be no question about that. But what Britain was out to do is another thing. However, Mr. Speaker, respecting as we do the motives of the government which took this action, and I respect the sincerity and high purpose of the government which made that decision, the fact remains that this decision is a decision for Canada. This decision is a decision for the government of Canada acting, to the best of their ability, as the interpreters of Canadian opinion and the wishes of our people. It is what is good for Canada, it is what is good for the future of our people and of all mankind.

Before I close these remarks let me deal with one other subject, because it is inseparably embraced in this whole problem. I refer to the question of trade. One of the arguments that has been put forward is that unless there is recognition we may deny trade with China which could be profitable to us. This widens out into the problem of trade with Russia. It would be well for every hon. member at this time and for every Canadian to review the history of trade with Russia between the two wars. I cannot recall any case where that trade had not turned out to our disadvantage. I cannot recall any case where the trade was not simply an extension of Russian policy to try to dominate the world.

Many hon. members here will recall what happened when the British market and then our own was affected by contracts for the purchase of lumber. Many people in this country whose work depends upon lumber—the cutting of lumber and the shipping of lumber—will recall that Amtorg made a contract in this country through its agent to sell lumber here at $12 a thousand and they had a proviso in that contract that they would adjust the price so that they would undersell any competitor under any new contract by $5 a thousand. The cost of cutting that lumber did not matter. That was a deliberate attempt to upset our economy in one aspect. So it was with pit props, so it was with pulp and so it was with other things that were sold not only to us but to the markets we ordinarily supply.

I am greatly concerned about the reports I read in the press of Britain talking about buying Russian wheat, Russian grain, Russian lumber and other things that we ordinarily sell to Britain. Mr. Speaker, this is an economic problem as well as a military problem. Russia's declared intention is to do what they can to upset the economy of the free world. That is what the communists are working for in Canada, in the United States, in Britain and in every country where they are today. What other purpose could they have? Let us remember that it has no relationship whatever to the cost of the wheat, the lumber, the pit props or the other things they sell. Do any of our people forget how the gold is mined with which they are buying things today? Do any of our people forget how the greatest part of the labour is found to cut the lumber that is sold here? Do any of our people forget how the labour is found to cut the pit props that destroyed our market and are destroying it again? It is slave labour.

Let us remember that there are fifteen million people being worked to death in the concentration camps of Russia. I hope that the hon. member who spoke in such soft terms of Russia this afternoon will remember that fact. There are fifteen million human beings, like ourselves—the number of people that live in Canada—being worked to death in the concentration camps of Russia which in no way differ, except in their size, from the concentration camps of Germany to which the hon. member very properly referred. That is where they find their labour. Are we going to stand by without any question and see our markets occupied by the product of slave labour? For that is what it is.

Then what about China? The British recognized China in 1949 and they have not been able to reach any agreement with them yet as to trade arrangements. That is a long time. They could have conveniently waited and not have suffered any disadvantage. There are a few things to be done before we talk about trading with China, instead of having mere assurances and promises. What about the $12½ million worth of ships which they stole? Hon. members have not forgotten the Ming Sung ships, I hope. More than assurances are needed. They are not only murderers; they are robbers.

An hon. Member: They go together.

Mr. Drew: Yes, they go together.

An hon. Member: They are in the same camp.

Mr. Drew: Yes; they are in the same camp. Those are the people in regard to whose activities some people are now expressing such mild and generous hopes.

Mr. Speaker, we do not need to sell our principles for a few dollars' worth of trade. We do not need to sell ourselves down the Yangtze river or any other river in the name of peace. We learned before that we do not get peace in that way. We learned before that the way to get terrible war is to encourage robbers and murderers to believe that we have not got the stuff it takes to stand up for our principles. Do not let anybody suggest that what I am saying is either warlike or encouraging war.

Some hon. Members: Oh, oh.

Mr. Drew: Listen to the fellow travellers laugh, Mr. Speaker. I repeat that if the people who spoke in this house and elsewhere, and from the very party whose new members find that suggestion somewhat amusing, meant what they said in 1940—and I believe they did—then they believe implicitly that the only way in which to preserve peace is to stand by your principles and to try to get the free nations to establish a pattern of principles that our opponents know will not be abandoned. That was what we said. That was the great lesson we said we had learned. Let us not forget it today.

Mr. McIvor: Five o'clock.

Mr. Drew: All right, Mr. Speaker; if you wish to call it five o'clock, I shall break off at this point.

Mr. Speaker: As it is five o'clock, the house will now consider private and public bills.

PRIVATE BILLS

COMMERCE MUTUAL FIRE INSURANCE COMPANY

The house resumed, from Tuesday, March 23, consideration in committee of Bill No. 198, respecting Commerce Mutual Fire Insurance Company—Mr. Eudes—Mr. Applewhaite in the chair.

On clause 1—*Name changed.*

The Deputy Chairman: Shall the clause carry?

Mr. Macdonnell: May we have an explanation from the sponsor?

Mr. McIlraith: Mr. Chairman—

Mr. Knowles: Are you the new member for Hochelaga?

Mr. McIlraith: No. I have not yet moved to Hochelaga, Mr. Chairman. I still have my own identity and still am very happy to have it, whatever some others may think of that identity.

The Commerce Mutual Fire Insurance Company was incorporated by private act in 1927. At that time the business of the company was that of a fire insurance company. Since that time it has added other types of insurance until at the present time about 60 per cent of its total business is fire insurance business and the other 40 per cent is divided among other types of insurance such as automobile insurance, sprinkler insurance, tornado insurance and so on.

The change of name proposed is to "The Commerce General Insurance Company". No objection was taken to the proposed new name either in the committee of the House of Commons or in the committee of the Senate, and there has been no objection by the superintendent of insurance who attended before both committees. There is of course provision in the bill for the corresponding name in the French language.

Mr. Macdonnell: When the sponsor says no objection was raised by the superintendent of insurance, can we take it that it is a little more than that, that he is satisfied that there is no conflict of names? In other words, can we take it that we are passing it with his full approval?

Mr. McIlraith: Oh yes, that is quite right. He does not originate the bill in any way, but there is no objection of any kind either on the part of other firms or because of any possible conflict in the view of the superintendent of insurance.

Clause agreed to.

Clause 2 agreed to.

Preamble agreed to.

Title agreed to.

Bill reported, read the third time and passed.

SECOND READINGS—SENATE BILLS

Mr. Speaker: There are several divorce bills on the order paper. Shall they all be taken in the same motion?

Some hon. Members: Agreed.

Mr. W. G. Weir (for Mr. Hunter) moved that the following bills be read the second time:

Bill No. 379, for the relief of Gerald Emile La Grave.—Mr. Hunter.

Bill No. 380, for the relief of Rita Boucher Dufort—Mr. Hunter.

Bill No. 381, for the relief of Lucy Halga Saunders Gibson.—Mr. Hunter.

Bill No. 382, for the relief of Antonie Lutz Jedrzejewski.—Mr. Hunter.

Bill No. 383, for the relief of Jessie Clarke Thompson.—Mr. Hunter.

Bill No. 384, for the relief of Dorothy Coughtry Paquette.—Mr. Hunter.

Bill No. 385, for the relief of Isabel Ruth Smith Newey.—Mr. Hunter.

Bill No. 386, for the relief of Eugene Clifford Carbonneau.—Mr. Hunter.

Bill No. 387, for the relief of Jean Antoine Francois Armand.—Mr. Hunter.

Bill No. 388, for the relief of Maria Clara Anita Cauchon Quirion.—Mr. Hunter.

Motion agreed to and bills read the second time.

Mr. Speaker: The business which was to be considered during this hour having been dealt with, the house will now revert to the matter under consideration prior to five o'clock.

EXTERNAL AFFAIRS

REFERENCE OF ESTIMATES OF DEPARTMENT TO STANDING COMMITTEE

The house resumed consideration of the motion of Mr. Pearson:

That items Nos. 84 to 103 inclusive, of the main estimates, 1954-55, be withdrawn from the committee of supply and referred to the standing committee on external affairs, saving always the powers of the committee of supply in relation to the voting of public moneys.

Mr. Drew: Mr. Speaker, in the remarks I have made I have in no way overstated my very strong and deep conviction that we are at a point in history very similar to that with which the free nations were confronted in the year 1935. Then people were ready to take assurances. In 1937 and 1938 the situation became still more critical. Finally, at the time of Munich, it reached its clearest expression when Czechoslovakia, brave, prosperous, free and democratic Czechoslovakia, was made a pawn and sacrificed to the vain hope of a peace that became less of a possibility because of that very act. It seems reasonably clear that if the nations had stood together without hesitation and had not relied on Hitler's assurances that he had no more territorial ambitions many millions of people who now lie in distant and, in many cases, unmarked graves, might be alive and enjoying the decent things that we ourselves share today.

I believe this is one of the most solemn hours in history. I believe that the Geneva conference beginning on April 26 can either be a second Munich or the glorious reassertion of the principles that were stated at Versailles in 1919 and abandoned, and the principles which at San Francisco in 1945 were incorporated in the United Nations charter and which we can still save. In addition, in the emphatic statements I have made against the recognition of China under present conditions and in the circumstances we see today, in the emphatic stand I have taken against the entry of communist China into the United Nations—that would come automatically with recognition and no argument will convince me to the contrary for the reasons I have stated and in the light of speeches to which I have already referred—and in the emphatic statements I have made about trade either with communist China or with Russia until there is evidence of a type of conduct and not mere assurances, I have sought to place before the house the things that I hope our government will not do. I have sought to place before the house the position that I hope they will take, and in saying that I know that I express the thoughts of those with whom I am associated. I wish to remove one uncertainty, and one alone, that may conceivably be raised at any time if anyone wished to try to interpret my words in that way.

No one can say that anything is forever in this very uncertain world. Only a few years ago we were fighting Germany and we were fighting Japan. A course of action was taken which, rightly or wrongly, was believed to be a course that would purge these countries of the people who had led them along the dreadful path they had followed. We are dealing with something very different here today.

The faith that most of us share in whatever manner we worship one God is a faith that always contemplates the possibility of a change in conduct, forgiveness and of the return to fellowship and decency of those who have offended against the laws of God and the laws of man. These same principles surely apply in the international field. Certainly we cannot contemplate the possibility of China, with its 400 million people, or Russia with its 200 million people and the many millions more who will be there in the years to come, being separated for all time from us or from ordinary, decent contacts. Surely our hope is that in God's good time, through evolution and changes which no one can envisage today, freedom will come to them, the kind of freedom that we wish for ourselves.

But no one suggests that we can establish that freedom by imposing our will on other people. It must come by steps which we cannot now foresee. However, this is something it seems to me we should remember. The question was asked earlier today, am I my brother's keeper? We thought we had answered that in September of 1939 when Canada, with Britain, France, Australia and many other nations took up arms, not because their soil was attacked but because of the

principle that freedom is indivisible and that an attack on Poland involved a breach of the principle which we could not disregard.

What of those people now behind the iron curtain to whom I have already referred: the people of Poland, the Ukraine, Czechoslovakia, Hungary, Roumania, Bulgaria, Latvia, Estonia, Lithuania, China and all the nations now enslaved? Have we forgotten them? No, there is no suggestion of armed forces moving into those areas to impose the will of the free nations. There could be none. But by other devices within our power we should offer hope and encouragement to them to let them know we have not forgotten them. We should let them know their freedom is in our thoughts by following a course of action that will not encourage, but will discourage, those who seek to impose communist slavery on another nation.

How could recognition of communist China and its entry into the United Nations or the wide open exchange of goods be interpreted as anything else at this time but an encouraging act by us which indicates we do not really care very much. What greater encouragement could there be to those gallant souls behind the iron curtain, who still within their hearts and minds keep alive the great flame of freedom, than to have it known, through the many channels it does become known, we have said in no unmistakable terms that our principles are not for sale, and that the free nations stand together behind the principles asserted in the covenant of the United Nations in 1945? At least that succours them in their hour of great trial. There may be some surer and swifter way of wrecking the United Nations than letting communist China enter, but I cannot think of it. I do not think anyone else here can.

I wish to make a positive proposal to the government to balance these other statements I have made. The second article of the North Atlantic treaty refers to the economic aspects of this great struggle. It says:

> The parties will contribute toward the further development of peaceful and friendly international relations by strengthening their free institutions, by bringing about a better understanding of the principles upon which these institutions are founded, and by promoting conditions of stability and well-being. They will seek to eliminate conflict in their international economic policies and will encourage economic collaboration between any or all of them.

I hope that at Geneva, Mr. Speaker, the government of Canada will make a positive proposal that, along with the agreements that have been made under the North Atlantic treaty for military defence, there will also be positive and definite agreements that the nations of the free world meeting at Geneva —and they will have a chance of meeting separately at that time—will bind themselves together so that on any trading arrangement they may meet on common ground as to the kind of trading that should take place or can take place beyond the iron curtain. Let us go back to what Mr. Eden said in January 1950, in that wise and very thought-provoking speech of his. In that speech he emphasized the need for united action. He emphasized the need for understanding each other's intentions in this field. He said that there should be a concrete strategy in all this area between the powers principally concerned and their burdens, both in troops and political responsibility, fairly adjusted. He said that a common policy should be founded upon determination to help the people with whom we are dealing as well as ourselves.

Then, he pointed out that we should agree amongst each other as to the course we are going to follow in the economic as well as the military sphere. Surely that is reasonable; surely that is practicable, and at a time when I see reports of possible sales of wheat from Russia to Great Britain, at a time when wheat is lying, millions of bushels of it, on the fields of western Canada. At a time such as this no time should be lost in seeking such a common understanding so that along with our combined effort in the military field there will be a combined and sensible arrangement so that we shall not upset each other's economic affairs and so that, through common understanding, we may march forward together under that dream of peace which will best be served if we hold firmly to the principles we expressed in 1945.

Mr. L. Philippe Picard (Bellechasse): Mr. Speaker, due to my lengthy journey to the Far East this is the first opportunity I have had this session to address the house. Perhaps therefore I may be permitted to congratulate you, sir, upon your election to the exalted position you occupy. May I join my tribute to those of many other hon. members and newsmen who have commented so favourably on the ability and fairness you have shown in presiding over our debates since your election to this office. Some say that, in a friendly way, you act with an iron hand in a velvet glove. However, all recognize the authority you have acquired, due to your sense of fairness and justice but, foremost of all, to the manifest competence you have in interpreting the rules of the house and giving the proper quotations in respect of precedents to substantiate your decisions. It must be helpful to you, sir, in your difficult task, to see such unanimity of appreciation of your competence.

Mr. Nicholson: Mr. Speaker, in this part of the house hon. members cannot hear what the hon. member for Bellechasse is saying. I wonder if he would mind using another microphone.

Mr. Picard: Well, I complained the other day because I could not hear the Prime Minister (Mr. St. Laurent). I shall try to do better, and shall move to another microphone.

An hon. Member: Take the front microphone.

Mr. Picard: I shall do that. They are promoting me day by day.

I think most hon. members will agree with me that this debate was initiated by a most comprehensive statement by the Secretary of State for External Affairs (Mr. Pearson) and an exceptionally candid clarification by the Prime Minister of whatever he may have said abroad concerning our relations with communist China. The country at large will welcome both statements as a clear expression of government policy, that leaves no grounds for misunderstanding. And I have reason to believe that this policy is one which will meet with the approval of Canadian citizens.

Canada's position has often been expressed as that of a peace-loving country that has no desire of aggrandizement, but that is determined to assume its share in all the moves devised to guarantee the peace of the world, as it may be threatened at any time by any world powers.

The hopes of western democracies and their allies that the post-war period would be one that would bring about a brave new world, or "one world" as it was then hopefully popular to call it, have been too soon shattered. The blunt attack on South Korea has, fortunately, wakened the world to the gravity of the situation and the urgency to face the impending menace that hung over all of us. And I am of the opinion that the sacrifices made by all who shared in the opposition to the invaders of South Korea will be recognized by historians of the future as having been of invaluable importance in ensuring a more healthy state of affairs in the world. Had not the United States, Canada and many other countries in the United Nations taken the stand they did take, the whole of southeast Asia would have gradually been brought under the tutelage of the Moscow-Peking alliance.

Strange as it may sound to many I am one who today entertains hopes that as a result of the action taken by the United Nations, and our attitude on the Korean venture, there is a better chance for the world to remain at peace than there would have been if we had taken an attitude of laissez faire as some people suggested at the outbreak of the Korean war.

As I said at the beginning of my remarks, in company with my wife during four and a half months I have visited all the free countries of the Far East and southeast Asia, as well as the three Asian members of the commonwealth, India, Ceylon and Pakistan. During the course of this trip I was privileged to have interviews with heads of states, prime ministers and/or foreign ministers of all the countries I visited, plus the administrative heads of Malaya and Hong Kong. I hasten to say that I have encountered few who were of the belief that there would be a war provoked in the near future either by communist China or by Soviet Russia if the rest of the world remains on its guard and maintains the present firm attitude. However, most of them recognize that any weakness or complacency on our part might give rise to a potential danger of war.

I believe, and this belief is confirmed by the opinions of many Asian statesmen I have met, that the consent by the communist group to the armistice in Korea as a result of a stalemate on the battlefield indicates a change in tactics, whatever may be the length of its duration. The effort, particularly in China, but also in Russia will, according to me, bear for some time to come on the consolidation of internal conditions, on the development of the country's resources, communications and economy, in the case of China; on the betterment of the standard of living in the case of Russia, while not lowering their present standard of armed equipment and carrying on their experimenting in other forms.

This new policy is evidently aimed at strengthening the regime internally. As a result of this, the world may enjoy a respite. If the western world is wise, wise enough not to be fooled by this apparent relaxation; if it remains ready and determined to face all and any eventualities, our generation may be spared a further conflict.

The most important thing to understand about Asia is that the period of colonial domination and of the exploitation of the peoples of other races or other customs is gone forever, and fortunately so. Asia has reached its majority; and it is in our interest and in the interests of the whole world, as well as the security of the whole world, to support her effectively in the elaboration of a system of government which will permit her to develop her resources for her own benefit, if we do not want her to join the communist bloc.

The dominant idea arising out of my observations is the evident current of nationalism which has spread throughout Asia, the anxiety of people to shake off all external domination and attain self-government, which is an accomplished fact for most of them, and takes the form of impatient aspiration by those who have not yet reached their full independence.

The recent emancipation of many Asian countries has been accompanied by difficult readjustments of their internal economies, by administrative problems arising out of the setting up of new mechanisms of government and new systems of civil service. As the nationalist trend took more and more importance and led to the liberation of many countries, the communist forces tried to ride the wave in order to further their own ends, but their strength evidently came more from the support they got from the outside than from the true aspirations of the people themselves.

The masses in Asia have lived for centuries under deplorable economic conditions as compared with those prevailing in Europe and America. It is natural that their new leaders want to improve their lot. It is also natural that opinions may vary as to the best means to bring about the reforms considered necessary to reach that end. There are in every country communist groups of different strengths and number who receive help and encouragement from communist China and Soviet Russia. Fortunately there are also strong and determined men who prefer the pattern of government of the western democracies and their economic and social policies that have given to the western world a standard of living that is higher than that of any other part of the world.

I am of opinion that any change toward communism in Asia will not come from the action of the masses or from any internal upheaval. If it should come it will be through invasion or through infiltration from the outside.

The relative success reached by a country under communist regime or by a country following our pattern of government in raising the standard of living of the masses may determine in years to come the orientation of the tendencies of Asian people toward one form of government or another. Perhaps I may be permitted here to give a sentence or two of the conversation I had with Prime Minister Nehru when I was in India. He candidly said—and there was no restriction to my quoting it or stating that he had said such a thing—that if we have peace for 20 years in Asia, in 20 years from now we shall be able to determine where Asia will go, whether it will stay with a form of government similar to that of the western democracies or whether it will turn to communism. He said after 20 years of peace one would be able to determine which of the two systems has given the two countries, India and China, a better standard of living; and if China, although it will have purged millions of people, and taken away private property and the liberties of the individuals, is given a better standard of living in 20 years than we in India shall have been able to give by keeping the liberties of the people, by carrying on the form of government we now have, he said, if China puts on a better showing in 20 years, our system may be superseded by another system. But he added he felt and was convinced that they in India would be able to bring about a better condition of life for the masses with the system they have and also keep the liberties of the individuals.

This is why, Mr. Speaker, it is so important that adequate help be granted to the less fortunate parts of the world that are still outside the communist orbit. This is why the help given by the appropriate organization of the United Nations or by the United States under the Point Four program or by the commonwealth under the Colombo plan, is so important and so vital to keep Asia outside the grasp of the communist world.

Although I started my trip from west to east and started in Japan it may be more opportune to speak first of the commonwealth nations. I was seven weeks in all in the three different countries of the commonwealth that are inhabited by people with a culture that is vastly superior to many. I refer to the great civilizations of India, Ceylon and Pakistan. But one must not forget when speaking of India and such countries that there is not only one angle to be considered, historical monuments of the past and politics of the present. India is a modern nation; it is becoming modernized gradually. It is highly industrialized. I do not think it is right to generalize but when people approach me they say: Is it not poor in India; is it not terrible in India? Well, that is far from being the fact, because India is becoming modernized and India's industry is taking great strides in its march to the future.

In the six thousand miles we covered in India I visited industries and saw industries in far remote places where I did not expect to see them. Although the improvement in the standard of living, according to statistics, is one per cent over the last five years, I have confidence that if the country carries on united as it is now and with a unity of purpose of action it will make great strides in the years to come.

These three nations are headed at the moment by men of great value, Nehru in India, Mohammed Ali in Pakistan and Sir John Kotalawala in Ceylon. I was privileged to have a long interview with Mr. Nehru and Sir John Kotalawala. Mr. Ali was out of Pakistan at that time. I had an interview with Sir Zafrullah Khan, the foreign minister. The impression I gained was this. We can entertain great hopes for our sister nations of the commonwealth.

I may say in passing that the Prime Minister's trip over there was looked forward to with great anticipation. They were anxious to see him, and if the only result of the trip to our sister nations of the commonwealth was that we showed we want to understand them, to fraternize with them and to know them better and that we consider them strong elements in the commonwealth, then the trip itself would have served a useful purpose. Judging by the accounts we have seen in the papers, the expectations were really fulfilled, and the message of brotherhood of man, of friendship of one part of the commonwealth to another brought by the Prime Minister, helped to strengthen, unify and consolidate the links between us and this important part of the world which is, after all, if we glance at any map, such a subcontinent that in itself it may balance—if it succeeds in its present adventure of trying to improve the conditions of the people through democratic means—the efforts of China to do the same under the communist regime.

Much has been said about the vagaries of world politics, and history provides us with examples of strange shifts of national feelings toward former enemies. None of this will appear stranger in years to come than the change of attitude of the western democracies toward Germany and Japan, the enemies of yesterday, whose then leaders ordered or condoned actions that were considered unforgivable for generations. Yet today we find ourselves courting those same nations and hoping that they will side with us in the eventuality of another conflict.

I have no time to go into the question of German rearmament or the situation prevailing in Germany, but I should like to say just one word about Japan where I was for three weeks. The most acute political question there at the moment is the revision of the constitution with the right to rearm without any control from the outside, and of course disguised under the veil of self-defence. How can we object to it if we ourselves say that we must help make secure the east for those who want to carry on with the system of government we have instead of their falling under the Moscow alliance?

We are faced with the same problem in Germany. The Leader of the Opposition (Mr. Drew) spoke a moment ago about China. The same may be applied to communist China in a way, although it may be argued that in China it is the present regime that committed the atrocities that he talked about, but yet we are ready in a minute to be friendly and to shake hands with the Germans and Japanese who committed the same atrocities in the last war.

Of course in Japan and Germany we are dealing with a new government, and after speaking to some of its members in Japan I have no doubt about their sincerity to determine whether democracy as exists here will prevail in their country. I hope I was mistaken but I have not come to the conclusion that it was yet part of the Japanese mentality. But I hope it will be proved that the constitution set up by General MacArthur will bring the Japanese to adopt the sort of democratic ideas that we have in this part of the world.

But I fear that there, as in Germany and in Italy, the former ruling cliques are ever ready and waiting in the shadows to see whether they can get a chance to come forward again. That, of course, is much less true of Japan than it is of Germany or Italy.

When we look at the lessons of history I do not think we would be condoning the actions some of these people have committed whether they be Japanese or Germans, by accepting them as our allies; yet is it not strange how differently we look at things when we need someone, and is it not strange how history demonstrates the practical attitude adopted by men when they find they are in need of the help of such nations as were their enemies?

Japan might very well be the first bastion of defence in the Far East and we have got to assist them to amend their constitution so that they will be in a better position as regards self defence, and so that if it ever becomes necessary they can assist us. I venture to predict the day is not too far distant when Japan will again become a world power industrially and even militarily, even although economic conditions are bad and they have lost their markets in China and Indonesia. They have had a very difficult time in restoring their economy but they are a hard-working people and, like the Germans, I do not think it will be long before they have fully recovered, with the generous help granted them by the United States.

Let us talk now of the line of defence in the Far East should there be any attack made by the communist countries. As I just

said Japan is the first and northernmost point, then Okinawa, then Taiwan, then the Philippines. If the United States have come to the conclusion, as they apparently have, that any threat to southeast Asia may come from communist China it is reasonable that they should try to establish such a line of defence. It is understandable that they should help and contribute to the armament of Japan so that it may ensure its self-defence. It is not surprising either that they made of Okinawa the strong arsenal it is at the moment. I am not revealing any secret when I describe Okinawa as a stronghold and evidently the formidable base from which could start any retaliation in that sector, action as envisaged by Mr. Dulles. It is known that the Americans have spent hundreds of millions on its defences.

The next natural base is Taiwan. To leave an empty unused space between Okinawa and the Philippines would be unthinkable if we carry on from the same premise of the potential attack from the north.

How can the U.S. recognize communist China and yet maintain bases on Taiwan that is under the control of the legitimate government of China that was expelled from the mainland. If Taiwan is part of a first line of defence how can you turn your back to the Chiang Kai-shek government. When we come to consider the Chinese problem we realize that it is more complex than most people seem to realize.

One should not lose sight of the necessity of stopping bloodshed in Indo-China as it has been stopped in Korea and the only people we can talk to in this regard is the *de facto* government of the mainland, the one controlling the forces we have to fight.

The problem of recognizing China seems to be quite acute here. I did not think it would be considered of such serious importance as was demonstrated by the speeches from two parties of the opposition side of the house. I believe we must be somewhat more philosophic in looking at such things and we should take lessons from history. I do not believe we should sacrifice any of our principles, but, on the other hand, it may also be practical to look at these things from day to day and do what we can if we want to save lives in Indo-China.

If we want to prevent further bloodshed whether it be in Indo-China or Korea it is better to keep an open mind. The time may come some day and soon when we will have to talk to these people and face them across a green table.

We must however maintain a prudent attitude until we have evidence, if we ever get it, that communist China and Soviet Russia have changed their attitude as far as expansion abroad is concerned. I, for one, as I stated earlier in these remarks, am of the opinion that their present tactics appear to be different and that we may yet reach an acceptable compromise that will ensure a peaceful *modus vivendi* to southeast Asia.

No one should be too dogmatic about a complex situation resulting from the split of sovereignty over Chinese territories. The government recognized by most nations is still the one that was prevailing on the mainland until the communist victory, when it transferred its seat to Taiwan. The government ruling *de facto* on the mainland is the one that took power through the help of Japanese material handed over to them by Russia upon the fall of Japan, but no matter whether it was through the stupidity of puritanical American advisers who cut short all help to Chiang on the pretext that all was not well in the treasury of the Kuomintang administration; whether it was through the mushrooming strength of Mao whose victory over the war lords meant more men available for enlistment in his army; or more generals hastening to climb on the bandwagon while the going was good; whether it was due mainly to help from Soviet Russia or from the acquisition of Japanese materials which fell into the hands of the Russians after the fall of Japan and which they handed over to Mao.

On the other hand, you cannot turn around and say that the people in Taiwan are bandits and that you do not want to deal with them either. I venture to say, though it might not please everyone, that when the role of Chiang Kai-shek is considered by historians the complaints that some of his followers may have used public funds will be of small importance. He will be remembered as the man who unified China through the success of his many campaigns against the war lords, and the one man who really effectively set up a central administration at most points in that vast country except in those areas controlled by Mao's armies supported from Moscow.

I believe many hon. members in this house would be interested in a book written by Hollington Tong, a prominent Chinese writer who is now ambassador in Japan. It may be said that being a supporter of Chiang he is biased but I think it is a fair appraisal of the generalissimo and would enlighten many on this period of Chinese history.

Whatever weaknesses the Chiang administration might have shown in some parts of the mainland I believe Chiang will be recognized as the champion of a different approach

to the organization of China, and one that may not have been as democratic as ours in practice, but one based upon a series of projected reforms that had to be continually delayed due to the interminable warfare with the communist armies. Now that he is doing that reform gradually in Formosa, you will say: "it means nothing, it is a small part of the country and he did not do it on the mainland when he was there". But how could he start doing it on the mainland when he had to fight all the time the communist armies over the northern parts of the country?

There are two main points of view concerning the recognition of communist China and its admission to the United Nations. The first is that of those who express wishful thinking or who will stand only on principles and do not want to admit the facts. That is a tempting attitude for good people and nice people to take, but is it a possible one to take for any length of time? You will say it is not right to deal with a bandit, a thief or a murderer or to enter into an agreement with him, that it is compounding a felony. That may be true, but the history of the world shows many such things that have been done, even by men in a higher place than that of ministers of state in a democratic country. They are those who oppose the admission of China or even its recognition. I have the text of a petition signed by prominent conservative Americans—they are mostly Republicans but there are a few Democrats—and sent to Washington opposing any recognition of China or displaying any weakness toward China. There are some things that may attract a lot of people to that school of thought. They say:

> Its admission would destroy the prestige and the position of the United States and of the free world in Asia. The countries of that continent which still resist communist aggression or infiltration would be discouraged by the cynical surrender of the free world to expediency and appeasement and the betrayal of the ideals of the United Nations. The Asian nations, in turn, would then make fatal compromises with the communist bloc.

That is all right. All of that is right, so it gives you ground to think twice before you go ahead. Another point that they make —one of the two points that I think are good—is this:

> The admission of the so-called Chinese People's Republic to the United Nations would encourage subversive totalitarian movements in the free nations of the world in the expectation that their success would be sanctioned by the free nations which still survive. Thus the danger of a new war would be vastly increased by the rewards offered to aggressors.

I have other such declarations. But, Mr. Speaker, there is also a second school of thought. Mao's government controls the forces who were helping the North Koreans and they are the ones who are helping in Indo-China. Therefore they are the only ones who could—if they should be sincerely willing to do so—ensure peace in the Far East since they have been supporting the offenders, and "supporting" is a mild word. This is a practical point of view and may be the only one to be considered in the last resort should they give any appearance of doing what I stated earlier I hoped, namely consolidating their own position internally instead of furthering communist expansion abroad.

What I have in mind is this. I do not think it is right for anybody at a given moment like this, when we are not faced with a decision, to come out categorically and say "We must recognize" or "We cannot recognize" and that the government must state its policy to date or what it will do maybe six months or a year from now. If you review the history of the world I think you will find that what I am saying makes sense. It has been proven time and again that you have had to negotiate with this or that nation, without liking it, but in order to prevent bloodshed.

I heard the Leader of the Opposition (Mr. Drew) say that he wanted the assurance that there would be no recognition on promises; and he talked of bloodshed in Korea. There is also bloodshed in Indo-China, as he pointed out. Could it be possible that one day that bloodshed would be stopped by meeting these people—as we will meet them in April—across the green table? Could something be gained by it? That is the ultimate end. That is the ultimate aim we should have, namely to prevent a state of war from continuing and spreading. I would not say that the end justifies the means, although a lot of people have practised that policy, even in high places in the hierarchy of the world. But in this case it might be so, and it has proven good on many other occasions in the world.

I thought it was strange to hear the Leader of the Opposition at one moment comparing Churchill and his V-for-victory sign with Chamberlain and his umbrella. When the Leader of the Opposition spoke of this being another Munich and that we would see the gentleman coming back with the umbrella, I was surprised to hear the man who—and rightfully so—must admire Mr. Churchill, comparing him with the man with the umbrella. I want to refer to the statement, as it has been quoted by the Leader of the Opposition, as having been made by the Secretary of State for External Affairs and which commenced in this way, "If China by a conciliatory attitude at Geneva

shows that there is a chance to bring about peace". I do not know whether or not he said it but in any event I do not think it makes such nonsense. I think we have to look at facts as they present themselves and to take all means at our disposal to prevent bloodshed.

The French are in a difficult position today. I was for some time in France. They are not so enthusiastic about it. Their principles are the same. As far as their material gains in Indo-China are concerned, they have been gone for a long time. It is not imperialist aims that keep them there. It is the word given to a number of people who have carried on, who have been loyal to them over the generations and who will not stand in such a good position if Ho Chi Minh wins. It is a sort of word of honour obligation under which the French have to carry on, and I do not think they are delighted to do so. I do not think that anybody should criticize the French for being awkward in joining EDC when their blood is being shed in Indo-China, when they are carrying on—and have been doing so up until now—all alone. These are all things that we ought to consider in a different and more quiet way.

At six o'clock the house took recess.

AFTER RECESS

The house resumed at eight o'clock.

Mr. Picard: Mr. Speaker, before the dinner recess I was far from finished covering the ground with respect to the Far East but as I see that I have very little time left I think I should jump a few nations and reach the Middle East. Last year, on February 13, 1953, I gave an account to the house of the trip I had made to the Middle East and some of the conclusions I had reached then. Of course I do not want to repeat that but there is one thing I should like to repeat. It is the importance of the Arab world today, their growing influence in United Nations affairs through their solidarity, and the advisability of Canada having diplomatic missions in such nations.

I understand that some of these nations are already represented by consuls or otherwise in Ottawa, and I just want to repeat what I said last year, that Canada should not hesitate to extend its diplomatic representation in that direction. Trade with these countries is getting more and more important. I might say that I have seen there that France and Great Britain have been replaced largely by the United States and that if we had missions abroad it might help our own trade considerably.

I think, as I have said before, that three missions are in order, one in Egypt, one in Israel and one in Beirut to serve Lebanon, Syria and Iraq. I might briefly tell the house of an incident that happened to me during the course of that trip. I met a German businessman who was on a two-day trip from Cairo back to Frankfurt just to check the prices that his firm had quoted on a contract and which he thought were slightly higher than those of a competitor. The Germans are getting in heavily throughout the Middle East at the moment, and I think it would be quite opportune if Canada decided to extend its diplomatic representation to the Arab countries as well as to Israel.

I know there might be many difficulties in the way. Although I think Cairo is the most important, some may think that until the situation is cleared between Egypt and Great Britain it might be better to wait. I have heard somebody say that if we go there and seem to side with the Egyptians it will not be so good for the unity of the commonwealth, and if we side with the British there is no use in going there now because it will not make us popular with the Egyptians. But one way or the other I still put this thought before the house and the government.

During the last lap of my trip I passed through Iran and I should like to give a more encouraging word of what I saw this year than was the case last year. I spoke last year of the deplorable state of affairs prevailing through the failure of Britain and Iran to come to terms. I think the situation is much more encouraging this year. I met the foreign minister, Mr. Entezam, and the finance minister, Mr. Ali Amini and the British chargé d'affaires, Mr. Dennis King. A better spirit is evident. We cannot overestimate, I think, the importance of a speedy solution of the oil problem. There is a decided improvement in the British approach and apparently a sincere desire on the part of the present government of Iran to come to terms. Each side seems prepared to consider the sensitiveness of the other and to deal tactfully in the effort to reach a compromise based, not on the sanctity of contracts no matter how unfair, as was the British attitude up until last year, nor on an arrogant and obstinate nationalism, as was Mossadegh's attitude, but based on equity and fairness and a reasonable and equitable share of the profits.

In conclusion may I repeat that the government's policy, as expressed by the Prime Minister (Mr. St. Laurent) and the Secretary of State for External Affairs (Mr. Pearson) will, I have no doubt, have the approval of the people of Canada as a policy of open-minded realists unwilling to be swayed by

emotional upsurges but also unwilling to take commitments one way or the other that may be unwarranted tomorrow. Canada must and will, under its present leaders, do everything to ensure its safety and the peace of the world, which does not mean only in the matter of preparation to resist any offensive but also in the field of diplomacy and human relations, as was so aptly done by the Prime Minister during his memorable tour around the world.

Mr. Alistair Stewart (Winnipeg North): Mr. Speaker, no one surveying the international scene today can have many, if indeed any, illusions about the long-term future. In the long run I am pessimistic. In the short run, however, there have been certain significant changes which might be welcome. Since the death of Stalin there has been an obvious change in the policy of the Kremlin, and it is one which I think we ought to consider carefully. What it means I do not profess to know, if indeed it means anything. Nor for a moment do I believe that the long-term underlying policy of the Kremlin has changed one iota, but it is apparent that we have been given some extra time. That extra time we can use not only for our own defence but for the defence of the world.

The question is: What use are we making of that time which has been given to us? Today humanity possesses the most fantastic weapons of destruction. Perhaps their very fantastic nature makes for still greater security for all of us, for it is realized that the magnitude of devastation which could be wreaked upon the earth now is such that it makes war almost impossible to contemplate. That is the hope, and it is a hope which is shared in other quarters. I notice that Sir Winston Churchill, speaking in the British House of Commons last December, had this to say:

> I have sometimes the odd thought that the annihilating character of the new weapons of destruction may bring an utterly unforeseeable security to mankind. A war which begins by both sides suffering what they dread most—and that is undoubtedly the case now—is less likely to occur than one which dangles the lurid prizes of former ages before ambitious eyes.

I think there is conceivably some justification for his view and, as I said, we have been granted some more time. To what use are we putting it? I have the unhappy feeling that the government is squandering that time. There seems to be a lack of urgency for those things which today ought to be urgent. I want to deal with some of them, particularly at first with certain aspects of NATO. On the 4th of February, 1949, at page 239 of *Hansard*, the Secretary of State for External Affairs (Mr. Pearson) had this to say about the North Atlantic treaty:

> I feel strongly . . . that this regional association must be far more than a military alliance. It must make a collective contribution to the social and economic betterment of the peoples of its member states.

We believed that too and because we believed it we voted for the treaty. I am not so sure that that view is still valid. I am not so sure that NATO has become anything other than a military alliance, and if history is any criterion a military alliance is not the strongest or the best basis on which to build our security. But what has been done along these lines of economic and social betterment?

In the January issue of the monthly bulletin of the Department of External Affairs we are given a report of the North Atlantic council ministerial session which met in Paris last December. I only want to deal with the economic and the political aspects of this report, rather than the military aspects, which will be discussed in greater detail at a later stage in the session. The government's version of this report said, in part:

> The second conclusion—
>
> The first dealt with military matters.
>
> —was that the policy of the NATO countries in these circumstances must be to pursue the twin aims of building the defensive and economic strength and political unity of the Atlantic community, while at the same time seeking to negotiate on outstanding differences wherever possible . . .

That is a statement of policy and a statement of principle that is impeccable but in actual fact what does it add up to? How are we building this vitally necessary political unity in the Atlantic community? I am certain that we cannot build it by peripatetic cabinet ministers going to Paris, nor can we build it on the civil service in Paris, no matter how admirable it is; nor on the general staff, no matter how excellent it may be. I think the Department of External Affairs has been lax in not trying to convey to the people of Canada what NATO really can be, not what it is—God forbid. It is not adequate in any sense just now, but the department might convey what NATO could be from the point of view of the Atlantic community and in the larger sense of what it means to the security of all of us.

I have argued in this house on other occasions that it would be desirable to have an Atlantic assembly made up for the most part of representatives of the various parliaments who, perhaps during certain weeks in the year, would review the work of NATO. I think for the sake of NATO itself it is vitally necessary that such a review be undertaken. I do not like the idea of cabinet

ministers controlling the destinies of NATO and not always reporting back to the house, because of lack of time or for some other reason. I do not like the idea of our policy being in the hands of men, no matter of what good will, who are essentially generals, admirals, air marshals and so on. I should like to see a more democratic control over the policies of NATO. That is why I have suggested this concept of the Atlantic assembly.

I noticed with some interest in one of the December issues of the London *Economist* there was an article arguing along somewhat similar lines to mine. It stated, quite significantly, that Canada was one of the nations that was dragging its feet in this matter. We are entitled to know whether there is any justification at all behind that charge. I am quite satisfied that it is not true of the Secretary of State for External Affairs. The other day, having read some of the debates in the British *Hansard*, I put down a question on the order paper inquiring as to whether any invitation had been received from NATO for parliamentarians to go over to Paris to see what was going on. If so, I asked, what was the position of the government? Up to the present, I have received no answer. In due course, I shall undoubtedly get one.

If there has been such an invitation extended I should like to know what or who is blocking it. As I say, I do not think the Secretary of State for External Affairs would object to it. The other ministers who are primarily interested in NATO are the Minister of National Defence (Mr. Claxton) and the Minister of Finance (Mr. Abbott). Perhaps they object to this idea of members of parliament examining NATO. I am convinced that from the point of view of the general well-being of NATO itself it would be advisable to create some sort of assembly such as I have suggested as soon as possible. If NATO is going to be a success, then the Canadian people must know what NATO is doing, and what NATO hopes to do. I believe the best way of conveying that information would be through members of parliament.

Now, what about the economic and social picture? Again I refer to the same copy of the external affairs bulletin, but this time to page 4 where we are told:

> The broad lines of future NATO defence planning to meet the threat of aggression over an extended period were agreed. Member countries would have to be prepared to maintain a high level of military preparedness, while at the same time strengthening their economic and social structures.

As I have said, we in the C.C.F. argued even before NATO became reality that the very essence of such an agreement would be the economic co-operation which would result from it. We have seen lamentably little of such economic co-operation in the last few years. I am not quite certain as to the government concept of this economic co-operation. I know there have been some very distressing statements made by ministers of the crown, and not the least distressing was that made by the Minister of Finance at Couchiching, if the report in the *Globe and Mail* of August 14, 1952, is correct. The minister stated:

> If the European countries, six years after the war and with the aid they have received, are not able to make their economy viable we can't do it for them. Any nation can only survive as a result of its own efforts.

There is just enough truth in that to make it brutally unkind. If we have prosperity in this country, it is due in no small measure to the havoc and the destruction which has been wreaked in Europe as a result of war. There are many areas in Europe which have been devastated twice within the history of one generation. To expect Europe, immediately after the war, to become again an economically sound area, is to expect the impossible. Europe has to rebuild itself; Europe has to improve its standards of living if the member nations in the west are going to become allies worth anything at all to us. The standards of living are declining if one can take as a yardstick the wholesale price indices that one sees published in various countries.

There can be no security in NATO as long as the economies of our European allies are weak. Yet, what has been done in the nature of non-military co-operation? There may have been changes lately I do not know. But I do know the Secretary of State for External Affairs was asked that question some time ago by the then member for Melfort. This is what he had to say, and it is worth-while considering what he said on page 672 of *Hansard* in 1952 in the light of what the Minister of Finance had to say later:

> I cannot give any information in concrete terms as to what has been done in the field to which I just referred.

He was talking about the field of economic aid.

> Indeed, very little has been done in the field of non-military co-operation. I admit that, and I think we must all be disappointed that more has not been done.

We are not only disappointed, we are alarmed that more has not been done because we can see the consequences very clearly of what is going to happen to NATO if the economies of our allies crumble and weaken still further.

As the Minister of Finance said:

If the European countries, six years after the war and with the aid they have received, are not able to make their economy viable we can't do it for them.

What sort of aid have they been receiving? The aid they have been receiving under NATO looked like a substantial amount in the estimates each year and I have no doubt it has been substantial. When one analyses that aid a little farther we see we have been rearming our allies in Europe with equipment which we have had in storage and that was not being used; with equipment which conceivably could be secondhand and had been used; with equipment which possibly our own armed forces thought was out of date. Not only have we given our allies that sort of equipment but we have charged up a sum, the total of which I forget, but I do know there is a balance of some $300 million lying at the credit of an account in the Department of National Defence as a result of the charge being made for the arms which we have given to our allies.

I have argued previously on the basis that, economic defence being important as it is, we should consider using this $300 million for economic defence, rather than leave it in the particular fund in the Department of National Defence. Our allies in Europe have been given arms by Canada and by the United States. That perhaps may be the beginning of their troubles because our allies have to maintain those arms in an adequate state of repair. Our European allies have to make up for obsolescence, and eventually re-equip themselves. It must be admitted, their economy being in the position it is, that this will be a decided drain on them, with the resulting effect of a still lower standard of living.

That the government is concerned about the situation, I have no doubt. Again the Minister of Finance (Mr. Abbott) said this in November last year in New York:

Frankly we in Canada are genuinely concerned about the thin and rather brittle economic base on which this political and military co-operation has been built.

And I say he has every right to be concerned, as indeed all of us should be concerned. But why is this economic base so thin, why is it so brittle? The best answer was given in a dispatch from Ankara which appeared in the New York *Times*. Discussing the forthcoming visit of the president of Turkey to the United States, the report said:

The fundamental thesis of the Turkish authorities is that relatively small outlays of further American aid to stimulate agricultural and industrial production here would result in further significant increases in Turkish exports, with a corresponding increase in the country's ability to purchase military equipment with its own foreign exchange resources.

They contend that the mere provision of military aid under the mutual defence assistance program, while maintaining Turkey's military strength from day to day, fails to attack the basis of the problem of enabling Ankara to support its military establishment from its own resources without resorting to deficit financing.

That is true of Turkey. I am equally convinced it is true of many other European countries who are our allies. Military aid is not sufficient. They require some sort of economic aid. And yet, again, to revert to that dreadful speech of the Minister of Finance (Mr. Abbott) at Couchiching, he said, of our friends in western Europe: "We cannot expect them to become pensioners of Canada". They do not expect that. But what we have done to help them in the field of economic co-operation has been precious little. And, so long as that is so, NATO must remain something that is basically weak.

There is another area, in Asia, where our economic aid policy has to be considered. Throughout the last few years we have consistently attacked the government for its deplorable inaction, and just as consistently the government has defended itself. We have said that the provision of arms is no protection against hunger. Certainly it is no protection against ideas. The only way we can combat ideas is by showing those people that we have better ideas, and I believe we have.

The only way we can combat hunger is not by making guns available but by offering food to those who need it. Perhaps our greatest defence in Asia lies in feeding the hungry; and clothing the naked; and I think, in principle, that throughout the years the minister has agreed with us. Yet, very little has been done about it.

I would just like to remind the house of what the minister has said. He said things with which I agree completely, and which had our support, and which we accepted as government policy, only to find later that the government had done nothing to substantiate what the minister had said would be achieved.

On February 22, 1950, as reported at page 131 of *Hansard*, the Secretary of State for External Affairs said this:

The social and economic danger arises out of the fact that the people out there are learning that independence is not enough. The agitation for freedom has stirred up in them other desires; for improvements in their conditions of life; for a change from distress, privation and even starvation; for a change from a life expectancy of twenty years and an average income of less than $50 a year.

These people, the same as we do, have the desire to live; but they are condemned to die. And yet we sit here in this western world, particularly in this thrice-blessed Canada, where the hungry can see huge surpluses of food, and where they can see our selfishness. I am quite sure that this is not the sort of policy which is going to bring them to our side.

On November 15, 1950, the Secretary of State for External Affairs, speaking before the Windsor chamber of commerce and the Windsor United Nations Association said this:

> Starvation and distress have provided the climate in which the infection of Marxist communism could take hold. There can be no continuing tranquility in Asia until a start has been made in improving the well-being of its people. Food, shelter and clothing—these must be supplied at least in minimum quantities before there can be political stability. In this task help will be needed from countries in the West.

I am sure the minister was applauded when he made that announcement. He knows what the facts are, but he has not yet been able to communicate to the cabinet, of which he is a member, just how serious they are, from the point of view of our security. Then again, in the House of Commons, on October 22, 1951, the Secretary of State for External Affairs said:

> Aggression is not the only enemy in Korea. There is the enemy of hunger, poverty and misery, the source and the strength of that communism which the Russians have used in other countries for their own unworthy purposes.

And yet, profoundly true as is that statement, what is our contribution in that fight? Well, on the basis of last year's figures it is about three per cent of the funds which are being subscribed for rehabilitation in Korea.

Speaking to the annual congress of the Co-operative Union of Canada, at Ottawa, the minister said on March 4, 1952:

> The basic problem of most of the peoples of Asia, however, does not concern the standard of living but how to maintain life itself. Nearly a thousand million Asians are trying to exist on a diet amounting to only 80 per cent of the pre-war level—the level of the "hungry East".

The minister knows the facts. Yet today these people are worse off than ever before, while at the same time we have more food surpluses than ever in the history of this country. And in North America we continue to pile up these huge surpluses.

Then on March 25, 1952 the then parliamentary assistant to the minister, the hon. member for Montmagny-L'Islet (Mr. Lesage), uttered three most pregnant sentences when he said:

> We must acknowledge that there exist today hundreds of millions of human beings, especially in Asia and Africa, whose living conditions are not only deplorable; they are intolerable. It is imperative that we help to remedy this state of affairs. Otherwise, the democratic world will remain at the mercy of a real enmity kindled for political ends in these peoples who are starving for bread and enlightenment.

The then parliamentary assistant, who is now a minister in the government, never spoke truer words in his life. Yet, what is being done about it?

On several occasions in the house I have risen and spoken about United States foreign policy, because what the United States does can have a tremendous impact upon Canada. Where United States foreign policy was conceivably dangerous, we have said so. But I have never for one moment minimized the generosity of the people of the United States, and its quite startling contrast with the record of this government. The generosity of the United States people as compared with Canada is thirty times greater per capita than has been the generosity of the Canadian people.

The government talk about the Colombo plan. We have heard a lot about what is being done under the Colombo plan, but what does it actually add up to? One cigarette per Canadian every third day is the extent of the sacrifice we are prepared to undergo to fulfil these noble aspirations; and I speak in all sincerity of what the Secretary of State for External Affairs has said. One cigarette per capita every third day is the measure of our generosity, and yet we are told that the living conditions of these people in Asia are intolerable. We are told that unless we do something they are going to become ripe for communism. And yet, that is the extent of the help we are giving today.

The Secretary of State for External Affairs has agreed in the past that one thing we could do would be to use to some extent the Colombo plan for feeding those who need food. I am not going to give the quotation which the minister gave in *Hansard* on October 22, 1951, but he agreed that the supplying of food to India would have the effect basically of strengthening the economy of that country. And these economic results accruing from the gifts of food are worth considering. Here I should like to quote two paragraphs from the report of the Colombo plan issued in New Delhi last October. On page 52, paragraph 12, we find the following:

> Pakistan was faced with two serious problems during the period under review, the shortage of food and the balance of payments deficit. The first was averted by assistance from outside. But for this assistance the position would have been very difficult. The development program would have received a serious setback if it had been necessary for Pakistan to provide foreign exchange from its own resources to buy wheat from abroad.

In paragraph 16 on the next page we find the following:

A high level of external economic assistance will be necessary to permit Pakistan to proceed effectively with its development program. The rupee proceeds from the sale of wheat have increased Pakistan's capacity to absorb foreign aid by making available additional domestic funds which will be devoted to economic development.

I stress the need for a high level of external economic assistance.

I now turn to the conclusion of the report and I find this:

Thirdly, the present flow of external financial aid must be continued and, if possible, increased.

If anyone is going to tell me that we cannot do something better than give $25 million a year to the Colombo plan I simply do not believe it. We are committed, at least through the words of the minister, to try to do something to raise the living standards of the less fortunate people of the world, in so far as our capacity permits it. This year we are going to give about $30 million in this sort of aid. Our budget for defence will be $2,000 million. The ratio is 3 to 200 or in terms of percentages, 1½ per cent. In view of what the minister has said, the proportion is utterly and completely illogical. I know we are subscribing a higher percentage than that of the total funds of the Colombo plan, but not much more than 3 per cent. Our share of the total UN budget is 3 per cent.

This coincidence of 3 per cent, running through these figures, is very interesting. Of the total budget for technical assistance our share is 3 per cent. Of the total budgets for United Nations specialized agencies our share is 3 per cent. As I have said already, our share of the Korean reconstruction agency will be 3 per cent. In view of what the minister has said I can only assume that this is a 3 per cent government with 100 per cent pretensions, and it is not good enough.

It may be asked, what can the government do? I think one of the best things they can do is to try and expunge some of the things which they have done in the past, and if the government are prepared to do that we in turn are prepared to forget it. One of the most important aspects of the cold war struggle today is the need for public investment in the underdeveloped countries of the world but I do not want to see it handled on a national basis. The only way in which it can be handled adequately and properly is through an international agency, and we have that agency already in the United Nations. If it is handled on a national basis then one comes up immediately against cries of interference. Handle it on a national basis and the recipient countries will not be prepared to take advice as readily as they would through an international agency such as the United Nations could provide.

We have got to have some sort of world authority to finance these public works, and the proposal was made at the last assembly that we agree to a special United Nations fund for economic development. It was suggested that that fund should be started off with a capital of $250 million. But what was the position of the government of Canada? Before we could do anything to assist this fund we must wait until we make some savings from disarmament. Again, we are prepared to follow others, but never to give a lead.

The President of the United States spoke very significantly last year when he said that any savings on defence expenditure should be used to help the underdeveloped countries. What the United States do is their business. What this government does is our business. As far as we are concerned this government is not doing enough, especially when its own delegate says in the UN debate that such a development fund can be established only when the time is ripe; and of course the time would be ripe only when we made some savings in disarmament. Was there ever a period when the time was more ripe than today, when we have the world in political and economic turmoil, when we have the crisis of the empty stomach extending over half the globe? Surely this is the time for action. It is high time that the government took the words of its own Secretary of State for External Affairs much more seriously than it has in the past.

I have complained frequently in the past of governmental schizophrenia in our foreign policy, and my complaint is amply justified. I am certain that one of the most productive things we in this country could do to advance the well-being of less privileged peoples would be to devote at least $100 million to starting off this special United Nations fund for economic development. The result of such a gift, I am convinced, would be almost electric throughout many parts of the world; for it would give hope to millions who now have no hope. It would mean that the government was beginning to take its responsibilities and its avowed and its stated policies more seriously than it has in the past. But until the government does exercise some such leadership, I regret to say that its stated words on the matter of policy mean nothing.

Mr. E. G. Hansell (Macleod): Mr. Speaker, I feel impelled to take part in this debate because in such serious times as exist today

each hon. member has a responsibility toward his people, toward the people of Canada and toward his own conscience.

The leader of this group has put on record, not only yesterday but in days gone by, the official position of this party in respect to external affairs and many other matters. I am happy to support and stand by every word my leader pronounces as Social Credit policy, and should I at any time in or out of this house discuss matters with perhaps a little different emphasis I do so as expressing my own personal views.

Before dealing with a few matters in respect to the speech of the Secretary of State for External Affairs (Mr. Pearson) and the Prime Minister (Mr. St. Laurent), I wish to say a word about the speech made this afternoon by the hon. member for Nanaimo (Mr. Cameron). I am not going to discuss the content of his speech, but I am interested for one particular reason. Some of us go through this country in an attempt to interpret the political policies of the various parties in this country. In this respect I wish to be fair with my friends in the C.C.F. party. Therefore I would like to ask the leader of that party if the speech we listened to this afternoon was a pronouncement of C.C.F. policy. The leader of the C.C.F. party is not in the house at the moment but there will be plenty of time for him to tell the house whether the speech we listened to this afternoon from the hon. member for Nanaimo is in reality C.C.F. policy. If he does not tell us then we can only interpret his silence as being in the affirmative.

When the Secretary of State for External Affairs replies to this debate this evening or later on in this debate I would like to hear whether he agrees with that speech. The speech was a very colourful one in more ways than one, but I would like to hear the Secretary of State for External Affairs say, "No, the position I take and the position my government takes is altogether contrary to the position taken by the hon. member for Nanaimo."

I would like to deal with one or two things which occurred to me as I listened to the speech made yesterday by the Secretary of State for External Affairs. He dealt with the forthcoming conference at Geneva and expressed the hope that some good would come of that conference. I believe he expressed the hope of everyone. But I would like to say this. I would like to know before that conference takes place what Canada's position is as regards whether we are going to grant any more concessions which will play into the hands of Russian imperialism. It seems that no matter what conferences have been held in the past the Soviets have come out on top and always with more than they entered the conference with, and the rest of the free nations always come out with less. Surely we should call a halt to this thing sooner or later, and as far as I am concerned the sooner the better.

The minister dealt with collective security and I suppose in these days when the world has become so small and nations so interrelated we cannot blind our eyes to what is generally known as collective security. But I would remind the house that the greatest demonstration of collective security which we have just observed in Korea failed. I do not mean by that that we should not adhere to collective security. The minister has himself pointed out that we cannot have continental security without collective security. I agree with that, and I believe we all agree with that. But the question which arises in my mind in this regard relates to the conference which was recently held for the purpose of formulating certain policies with respect to collective security for the North and South American countries. I refer to the conference held recently at Caracas. Canada was absent from that conference and some of us are not altogether satisfied yet as to why Canada was absent from that conference. If we are to have collective security for North and South America and that security is discussed at a conference, then surely Canada, which has become a strong nation today, particularly in its potential, should at least have had a part in that conference.

Another thought which came to my mind in regard to the minister's speech, and I cannot help mentioning this, is that it appeared to me that he played the double role of Secretary of State for External Affairs and Minister of National Defence. I am quite conscious of the fact that it is hard in these days to tell just where the responsibility of the Department of National Defence ceases, and the responsibility of the Department of External Affairs begins, or vice versa. But I mention this because I fear that we may eventually experience the sort of blunders which have been made in recent years by the state department of the United States, the blunder of interference in the military who in times of a shooting war are out to win.

The minister analysed at some length the speech made by Mr. Dulles consequent to the Caracas conference. I do not wish to be harsh but I must confess that the status of Mr. Dulles has been raised considerably in my estimation in the last few months, particularly since that conference, because

I believe he manifested some courage in what he said and attempted to do at the Caracas conference. I cannot help feeling that the minister may have slapped his wrist, and I do not believe Mr. Dulles' actions call for that sort of treatment, for if there ever was a time when courage and confidence are required at conferences it is today.

I would like to say in passing, Mr. Speaker, one or two things about the Prime Minister's speech. But before doing so I would like to compliment the Prime Minister for the very fine speech he made the other day when he returned from his world tour. I think everyone enjoyed that speech. The Prime Minister did not attempt to go into the various details of his conversations with various dignitaries and men holding official positions in various governments, but he gave us a very delightful review of his trip and I believe we all felt very happy that he was able to enjoy such a trip.

When he was speaking to us yesterday I thought we would have heard something more with respect to the things he discussed with other world leaders and a little bit more of what we might expect with respect to our relationship with them. Of course, I am quite conscious of the fact that, as he spoke with them, whatever he learned or whatever advice he was able to give results in government policy; and perhaps we cannot expect him to reveal to us at this time too much with respect to government policy as it may take place in days to come.

But there is one thing I would point out and it is this. Almost the entire speech made by the Prime Minister yesterday was confined to an explanation of his remarks to the press respecting the recognition of China. It is difficult for me to think that such mistakes were made with respect to any interviews the press may have had with the Prime Minister. I find it difficult for this reason. I am quite certain that the reporters wanted to report as accurately as possible; and I am quite certain that the Prime Minister is a seasoned "interviewee". When it comes to a question of the recognition of China, surely the Prime Minister should have watched his words most carefully. I know that the Prime Minister has said that sometimes these questions in press interviews are put to one with machine-gun rapidity, but that does not mean to say that they must be answered with machine-gun rapidity. When a question of such great importance as this was put to him it seems to me that he should have weighed his answer carefully, watched every word and determined that what went into the press was exactly what he said. Let me say this, Mr. Speaker. If there was no intention whatsoever of recognizing China, it would not have been difficult for the Prime Minister, in answer to a question of that kind, to say "No", that is the answer, and put it down "n-o"; that would have settled it. But that is not what was reported and that is not what the Prime Minister said. Because he did not give a flat "no", complications arose.

The Prime Minister had talked with Mr. Nehru. We all know what Mr. Nehru's position is with respect to this matter. I am wondering if he did not influence the Prime Minister to the extent that he was toying with the idea, and nobody is going to tell me that the Department of External Affairs has not been toying with the idea of recognizing China.

Another thing I want to point out is this. The Prime Minister had a good deal to say with respect to what might be the meaning of the word "recognition"; and in amplifying that theme, he stated that at the present time the government had no intention of diplomatic recognition. However, he carefully avoided telling us one thing; at least, if he did not carefully avoid it, it is a singular thing that he did not tell us whether or not they would support recognition of China at the United Nations.

An hon. Member: Red China.

Mr. Hansell: Yes; Red China, if you wish to put it that way. When the Secretary of State for External Affairs replies, Mr. Speaker, and I am wondering whether he is listening to me—

Some hon. Members: Oh, oh.

An hon. Member: We are all listening to you.

Mr. Hansell: He had better listen to this because we want an answer. We want to know whether or not when he goes to the United Nations he is going to acquiesce in the pressure that is put on there for the recognition of Red China in the United Nations. I think we should have an answer to that question when the minister replies.

Mr. Pearson: Mr. Speaker, in view of the fact that I may not have a chance to reply for a very long time, I had better say at once that the answer to that question is no. I do not intend to acquiesce to that kind of pressure or indeed to the pressure of the hon. gentleman.

Mr. Hansell: I am highly pleased with the answer and I think we all should be pleased with it. I will shake the minister's hand at any time on that answer. As to

the second part of it, I do not know but I rather think he did acquiesce in what I wanted. I know that I am only a bit of a two-by-four and that my pressure is not very much.

An hon. Member: A splinter.

Mr. Pearson: Oh, no; the hon. member's pressure is very high.

Mr. Speaker: Order.

Mr. Hansell: Let us remember this, however. If there is enough pressure coming from a lot of little people, it makes a lot of weight just the same. We are delighted that the Prime Minister had a pleasant trip and has returned; and from the way the debate has now gone, I am quite certain that Red China is not going to be recognized, as far as Canada is concerned, in the United Nations.

An hon. Member: He did not say that.

Mr. Hansell: I do not know what he said if he did not say that.

Mr. Speaker, I should like to bring to your attention a few remarks that have been made by another distinguished gentleman who has travelled around the world on a similar mission to that on which the Prime Minister travelled. I refer to Senator Knowland, who is the leader of the United States senate. I want to give to you, Mr. Speaker, and to the house, one or two reflections by Senator Knowland given in an interview with the editors of *U.S. News and World Report,* a magazine that is indisputably one of the most authentic ones published in the United States today. This quotation is from a series of questions and answers in an article entitled "Nehru Doesn't Speak for Asia". The article is highly enlightening. I am going to read only a few extracts from it. Senator Knowland was asked this question:

Q. Do they criticize us—

Meaning, of course, the United States.

—for not wanting to admit Red China?

That is to the United Nations. This is Senator Knowland's answer:

A. Yes, I think it's been pretty clear from both the public statements and the private manoeuvrings of India's representatives in the United Nations that they think our policy is wrong, and they have a belief apparently that, by placating the Chinese communists, by appeasing them in this regard, they may then not press for further conquest in Asia. I think this is a mistaken policy because I think that the more weakness that is shown in the face of the communists, either Soviet or Chinese, the greater the demands will become upon ourselves and the rest of the free world.

Then there is this question:

Do you think you made any impression upon Nehru with your views?

[Mr. Hansell.]

For the sake of brevity I am going to abridge the answer, but it does not destroy its context. The answer is:

. . . I do think one great mistake that we of the free world would make in regard to India would be to consider that Nehru is the spokesman for all of Asia. I do not believe that this is a correct analysis of the existing situation in the Far East. Certainly Nehru does not speak for the Republic of Korea. He does not speak for Japan. He does not speak for free China on Formosa. He doesn't speak for Thailand, Vietnam, Laos or Cambodia and he certainly doesn't speak for Pakistan. All of those countries I visited . . . I don't believe that Nehru speaks for the Philippines either . . . Most of the leaders in Asia, those whose nations are outside the iron curtain and who are determined to remain outside the iron curtain, feel that the Nehru policy would ultimately be fatal to free institutions in Asia and would ultimately lead to all of Asia's going behind the iron curtain . . . I don't believe that it's realistic for Nehru to think that, if all the rest of the world went behind the iron curtain, the ruthless men in the Kremlin would respect his desire to be an isolated island of freedom in an otherwise totalitarian world.

In answer to another question he said:

But he apparently, for some reason, believes that this neutralist policy that he follows may ultimately cause the Chinese communists, and presumably the Soviet union, to postpone, if not completely eliminate, thoughts of further aggression. There are very few people in Asia who have had firsthand contact with the communists who believe that this is anything but a naive outlook when you're dealing with the Kremlin or with Peiping.

There, Mr. Speaker, you have something from a man of some considerable repute who travelled the world to talk with the leaders of some of the nations of the world as to the part that we of the West should play with respect to our attitude towards China and the Far East. There are many who are attempting to say that the Mao Tse-tung government will play its own role without any dictatorship from the Soviet. Here is a question he was asked on that point:

What do they think in the Far East about Red China's leader, Mao Tse-tung, becoming another Tito?

This is the answer:

No, they don't think that that is likely. The general feeling out there is that Mao Tse-tung is a willing and enthusiastic ally of the men of the Kremlin. He may be a junior partner, but they feel that his policies and those of communist China are going to parallel, in the foreseeable future at least, the policies of the Soviet union.

With respect to collective security on which the Secretary of States for External Affairs touched the other day, I should like to read what Senator Knowland's reply was because to my mind it is extremely revealing. I would not read these questions and answers if it were not for the status and position of Senator Knowland who, as we all know, is

the leader of the Senate in the United States. With respect to collective security the question is:

Is there anything positive that might lead to peace in the Pacific area?

His answer is:

Yes, I think that as of today there is a very real opportunity to rally the free people of Asia who—all taken together, including India—still amount to several hundreds of millions of people. . . . But if we lose this opportunity of bringing about a real collective security in Asia, and the communists are able to start picking off these nations one by one, then I believe that we may have to face up to what Lenin predicted a couple of decades ago, when he said that the road to Paris was through Peiping.

The next question has to do with the value of non-aggression pacts, and this is his reply:

If these countries are left behind the iron curtain, what it means when a non-aggression pact is entered into is that it is going to be interpreted, by those people who desire to be free in those countries, that we have permanently abandoned them to Soviet tyranny.

I come now to the recognition of China, and in spite of the fact that the Secretary of State for External Affairs has assured us that he is not going to acquiesce in any way in the recognition of Red China in the United Nations, I do wish to put my own personal thoughts on the record.

Mr. Pearson: That was not what I said. I would not like the hon. member to misinterpret what I said. I said I would not acquiesce to any pressure at Geneva towards recognition at that time.

Mr. Hansell: Well—

Mr. Pearson: That was the question you asked me.

Mr. Hansell: That might put a little different complexion on my understanding of the minister's answer. We will make a note of that and take into consideration very carefully the words that he has spoken which impress me once again that I must put on the record what I feel with respect to the matter of the recognition of Red China at the United Nations. If I may, Mr. Speaker, I should like to put on the record—I will read it if you desire but I know that time is short in tonight's debate—a resolution passed by the Alberta provincial Social Credit convention held in Calgary, Alberta, last November. It is a short resolution consisting of a typewritten page and it sets out their attitude towards recognition of Red China. If I may do that—

Mr. Knowles: Read it.

Mr. Speaker: Has the hon. member unanimous consent to have inserted in *Hansard* this resolution of the Alberta Social Credit convention?

Some hon. Members: No.

Mr. Hansell: Very well; I thought it would save a little time but I am quite happy to read it. It reads as follows:

Whereas in our opinion one of the greatest menaces to the peace of the world and the freedom of its people is international communism; and

Whereas we believe that recognition of the Red Chinese government by Canada and/or admission of Red China to the U.N. would give an impetus to the communist drive in Asia which would not again be stopped until all of Asia is behind the iron curtain and the hopes of all the people of Asia for a free and democratic life crushed to earth; and

Whereas by recognizing Red China we would in effect be condoning the enslavement of millions of people in Asia by their communist masters and discouraging any attempt by the people to free themselves by counteraction; and

Whereas North America, which is now menaced by the communist forces of the world, would then be in extreme danger because the tremendous resources and manpower of Asia would then be mobilized on the side of communism, and

Whereas the Red Chinese in the Korean war, in which they were clearly the aggressors, were guilty of vicious and inhuman atrocities including the torture and murder of helpless prisoners of war:

Therefore be it resolved that we express our unalterable opposition to the recognition by Canada of the Red Chinese government and/or its admission to the U.N.; and

Be it further resolved that the secretary be instructed to forward a copy of this resolution to the Honourable Mr. L. B. Pearson, minister of external affairs.

Now, that was a resolution passed by the provincial Social Credit convention in Alberta. May I now come to what the people of the Far East believe with respect to the recognition of China? In that respect Senator Knowland's interviews with leaders of many nations in the world—

Mr. Speaker: Order. I am sorry to interrupt the hon. member but it seems to me he has quoted the report of the interview given by Senator Knowland at length. If that is published in book or pamphlet form, perhaps he could give the reference and hon. members could secure the book and read it themselves. I say that because, as hon. members know, I stopped the hon. member for Three Rivers (Mr. Balcer) the other day in the debate on the motion to go into supply, because in quoting at length extracts from newspapers he was infringing the rule that says an hon. member is supposed to make his own speech and not give the speech of others.

I have had occasion to stop the hon. member for Lethbridge (Mr. Blackmore), when he was quoting at some length a book having to do with the inquiry being conducted by Senator McCarthy. The hon. member for Macleod (Mr. Hansell) is quite in order when he quotes sufficiently to support the point he advances himself. For the last few minutes I have been listening intently to what

he was saying, and on every point that he advanced he has been quoting from the interview given by Senator Knowland. He left those quotations for one minute to read a resolution adopted by the Alberta Social Credit league. I know that he wants to observe the rules, and for the purpose of preserving order in debate I thought perhaps I should bring this rule to his attention. See Beauchesne's third edition, citation 264.

Mr. Hansell: Thank you very much, Mr. Speaker. I am well aware of the rule that one should not quote at great length from any manuscript or any book. I will not do so. It was the last quotation I was going to make, by the way. I only thought it would be interesting perhaps to compare the remarks of the Prime Minister with the observations that were made by a distinguished gentleman from the United States who made a similar trip. I did not think I had quoted too much. However, you evidently think I have so I will not quote any more. What I was going to quote was this:

Some hon. Members: Oh, oh.

Mr. Hansell: I am putting it in my own words. I am not going to read from the text. I could perhaps give members the citation so they can get a copy of the article if they wish. I do not suppose they will. It is the issue of October 30, 1953, of *U.S. News and World Report*. They can get it down in the reading room, if they wish, and it is very enlightening.

What Senator Knowland tried to point out here in connection with recognition of Red China in the UN is that it would destroy the confidence that the free peoples, or shall I say the peoples who adhere to the principles of freedom in the other parts of the world, have in the United States and in the other nations of the free world that should be battling their battle. That is the point he attempts to make. They would simply give up and say, well, the only thing we can do is to attempt to strike the best bargain we can with our victors, with our dictators. Now, that is about what he concludes. This goes not only for those in the Far East, but it goes for all these subjugated people in the rest of the world. Believe me, Mr. Speaker, there are millions of subjugated people in some of the nations even behind the iron curtain who are still praying and hoping that those of us who are still free will fight their battles in order to eventually free them.

During the debate this afternoon the leader of the official opposition mentioned that we know these enslaved people have not given up the struggle for freedom. Why, then, should we condone the further acts of their oppressors. They appeal to the world with the cry: liberty-loving people of the world unite in our struggle against tyranny. The time may come when they can arise, but that time will not come if we continue to give, give, give, one concession after another to the Soviet.

For example, despite the persistent efforts on the part of Russia to conquer the rich Ukraine, to which the Leader of the Opposition (Mr. Drew) referred this afternoon, the Ukraine has resisted for almost three hundred years the aggressive and brutal penetration of that country. In spite of genocide, massacre and mass deportation, the Ukraine's stubborn resistance to communism restrained the red march in Europe for twenty bitter years. Our external policy must be such that we will not forsake nor forget them, nor forget Poland, Czechoslovakia, the Baltic countries and the other numerous freedom loving people within the Soviet union and within the world now engulfed by Soviet imperialism.

We in the free world claim to base almost our entire philosophy on the great principles of freedom and justice. We of the Social Credit movement believe in those high principles, and we champion and respect the sovereignty and the freedom of the people of all nations. A little while ago I said I thought it was about time we should call a halt to this matter of granting concessions to the Russians as they gather in conference. I shall ask this question, particularly with respect to recognition of Red China at the UN. What do the communists here in Canada want us to do? Of course, they want us to recognize Red China. What do our C.C.F. friends want us to do? The leader of that party has placed before us the fact he wants recognition of Red China; the recognition and acceptance of Red China into the UN. I sometimes wonder if they can be serious about this matter.

Is membership in the UN really to give Red China another reward for her war of aggression in Korea? That is exactly how it will be interpreted. The UN, so we have been led to believe and were told at its very inception, was to protect the peace of the world. Is it consistent that they should now admit an aggressor? Whatever nation offends against the ideal of peace should not only be refused membership in the UN but any nation that violates the ideal of peace should be expelled from the UN. As far as I am personally concerned, should the United Nations move to admit Red China, then Canada should immediately withdraw from the United Nations. Those are my convictions.

Mr. Speaker: Order.

Mr. Hansell: Has my time expired? I was only about half-way through, so perhaps I shall stop now. However, Mr. Speaker, I would say this, that while I have to stop because my time has expired I shall continue my speech on another appropriate occasion.

Mr. L. T. Stick (Trinity-Conception): Mr. Speaker, roughly a month ago I objected to a debate continuing after hours. As this debate is a very important one, and there are many people in Canada who are following it and who would want to hear tonight what the Secretary of State for External Affairs (Mr. Pearson) has to say, I ask permission of the house to withdraw my turn in the debate in his favour, on the condition that his speech will not terminate the debate.

Mr. Fulton: Mr. Speaker, I do not wish to take away the right of the hon. member for Trinity-Conception to speak. But I want to make it perfectly clear that if he is not going to speak I shall take my place in the debate now. Therefore if the hon. member does wish to speak, perhaps he had better go ahead.

Mr. Stick: As I have not the unanimous consent of the house there is nothing left for me to do but to continue with my speech.

Once again we come to the debate on external affairs when the suggestion is made that the estimates of this department be sent to a committee for examination. Much has been said in the debate, to date. Views have been expressed in strong terms in one way or another. One could take exception to some of the remarks passed, and one could speak strongly about some of the views expressed in the house today.

I agree to a certain extent with the Leader of the Opposition (Mr. Drew) when he took exception to the sentiments expressed by the hon. member for Nanaimo (Mr. Cameron). But while I do not want to kick a person when he is down, I do want to say a few words about what the hon. member for Nanaimo has said.

He has stated in this House of Commons that he is a socialist; and may I say right now that he is entitled to his views in that regard. That is the working of democracy; and I claim the same right to speak my mind when I wish to do so. When I make that claim for myself I do not take away a similar privilege from others. However, may I say in all sincerity to the hon. member for Nanaimo that some of the views he expressed this afternoon are, in my estimation, rather dangerous.

May I read an extract from the New York *Times* which deals with socialism and sets out how communism works through socialism to destroy socialism itself. I quote this, a special item to the New York *Times* dated at The Hague, Netherlands, January 17:

> The communist parties of Western Europe are launching a popular-front movement proposing unity of action with the socialists.
>
> The latest in a rapidly developing series of appeals for common action has been launched here by Paul de Groot, general secretary of the Netherlands communist party. At the close of a meeting of party leaders, he called for "a broad basis for a new government, the unity of action of socialists and communists, as the nucleus for national co-operation with all others prepared for it".
>
> Reporting his speech, the party newspaper *De Waarheid* (The Truth) carried the banner headline: "Unity of Action of Socialists and Communists!"
>
> The communist call here is anything but an isolated measure. In France, Italy and Belgium the communist parties are making similar appeals —recalling the fact that between the two world wars and immediately after the second one the communists were taken into the governments of three western European nations.
>
> The communists made an unsuccessful attempt to promote a coalition with the socialists during the drawn-out French presidential elections last month. The candidate both parties supported was Marcel Naegelin, a socialist, who was defeated. In the subsequent voting for a president (Speaker) of the French national assembly, the communists backed the winner, Andre Le Troquer. Some observers in France saw in this achievement the confirmation of a new tactic.
>
> The Paris newspaper *Le Monde*, which commented, "The communists have returned to and are admitted in the political, parliamentary and electoral game", spoke of the "sketch of a cartel of the Left or a popular front on the political level."
>
> On Thursday the Belgian communist newspaper *Le Drapeau Rouge* (The Red Flag) reported the declaration made by the French communist party as it prepared to support M. Le Troquer: "The communists intend to show—once again—their desire to struggle with all their strength for the triumph of a policy of unity of action with the socialist workers." *Le Drapeau Rouge* suggested that in Italy also there now was a hardening or regrouping of all the popular forces desiring "progress and peace". On Wednesday the Italian communist leader, Palmiro Togliatti, told Premier-designate Amintore Fanfani that all parties willing to share the responsibility of government, including the communist, should be in the pending cabinet.
>
> In the field of foreign policy, and especially on the question of the European army, which would unite the national armies of France, Italy, West Germany and the Benelux countries, the communist appeal apparently will not always fall on deaf ears.

May I suggest in all sincerity, and with every respect for the hon. member, that this policy of the communist party in Europe could very well spread to Canada. And if we have very much more of the ideas expressed in the house this afternoon it may be that the hon. member is playing with fire; and if he does, he will probably get his fingers badly burned.

Now, Mr. Speaker, for many months past we have heard not only from leaders in this country but from those in other countries

that there is a lessening of the tension in the world, and that the danger of a third world war is receding. I have followed those statements by eminent statesmen, whom I do not need to name. I have been rather concerned with that view because, as I see it, the danger is that it may lessen our preparations for defence.

I do not hold those views, myself, because I have never seen any great lessening of the tension. I was glad to hear the Secretary of State for External Affairs, for whom I have the greatest regard, make certain statements. I am not going to quote his speech, which I do not have before me, but I shall refer to notes which I took at the time, and will take the liberty of reading.

One of the first statements he made was that there was no progress at the Berlin conference; secondly, that there was disappointment and disillusionment over the lack of success in making a peace treaty with Germany, and particularly with Austria. He pointed out that the basic foreign policy of Russia has not changed—and with that statement I agree entirely. He said, further, that the United Nations is not an effective agency for security, and that is why we formed NATO. He said also that, in view of the danger which threatens, local defence is not sufficient. In other words that we must have collective security if we are to survive. He said that collective action is needed on instant retaliation.

May I comment on that last note which I took. Much has been said before by way of criticism of Mr. Dulles, Secretary of State for the United States, when he announced the policy of instant retaliation. As on a great many other occasions in the history of this cold war in which we are engaged, the people in this and in other countries took counsel of their fears and wanted to know from Mr. Dulles what he meant by his statement.

They wanted to know from Mr. Dulles what he meant by it. Anybody who knows the United States and the foreign policy of the United States knows this. It has no aggressive intentions against anybody. When he made that statement he implied, if he did not specify it at the time, that instant retaliation meant only if we were suddenly attacked. With that statement of Mr. Dulles I agree. All military experts here and abroad will tell you that if we go into a third world war we are not going to have a declaration of war; that it will come suddenly and possibly overnight. If we are going to call the United Nations into session to decide whether we will hit back and whether we are going to consult the United States and whether they are going to consult us, we may lose the war overnight. We have to be reasonable about this and use our common sense.

If the U.S.S.R. strikes at us suddenly, through the air, are we going to wait to know what Washington is going to do, or are we going to tie their hands by waiting and wasting precious time so that we shall be handicapped to hit back? Because the expert military opinion today is that whoever gets in the first blow, and the first heavy blow, has a very good chance of winning the war on that basis. I am with Mr. Dulles. If we are suddenly attacked, arrangements should be made so that the United States' hands are not tied and so that the strategic air force of the United States can hit back at once without any waste of time; otherwise time will play into the hands of Russia and not on our side.

It has been stated in this house on more than one occasion that the battle in which we are participating today is a battle for the minds of men and women. That is true. I subscribe to that statement and I have used it myself. If we are in a battle for the minds of men what are we going to do about it? How are we going to counteract it? It is recognized by everybody here that you are not going to defeat communism by war, and that war will not change the minds of men. If that is true, then we must look to some other way to change the minds of men. Furthermore, it has been said in this house on many occasions that economics cause poverty and distress; in other words, economics play a large part in the thinking of those who favour communism. To some extent that is true but not absolutely so.

It has also been said in this house on many occasions that we shall lose Asia because of the poverty and distress in the Asian countries. I said here a year or two ago that the difference between the east and the west, the Orient and the Occident, is not economic, absolutely. It is racial and it is time we understand what this racial difference means.

They have had poverty in southeast Asia for many years. Communist countries have put forth their views as to how they should better their conditions of life. In one country it is to share land; in another country it is to appeal to nationalism. What are we doing to counteract it? Well, we have the Colombo plan. Through the Colombo plan we are demonstrating our good will toward those countries in southeast Asia. We are showing them that we are desirous of helping them economically. That plan is working. We are all glad to hear the reports on the progress that has taken place during the last

three or four years. Some hon. members say that we are not doing enough in that regard.

The Colombo plan is not going to change the minds of people in southeast Asia regarding communism. We must offer them something more than that. May I say, Mr. Speaker, that from my knowledge of the East —and I spent two years there, particularly in India, many years ago—the Orient does not change quickly. What was true when I was there is true today. The people of the Orient are waiting for a message of hope, as are the people in other parts of this world. Our diplomacy has failed to give them that message. What they need is something to counteract the subtle propaganda of communism which offers them hope in another form.

I stated here two years ago that the foreign policy of Canada should be peace through strength. That policy has been followed, but there have been some degrees of weakness. I do not think it is sufficient today to change the minds of men. I advocate now a policy of power through love, through strength. These may be only words. In other words, the power of love through strength is what the people need, and is the message which we must convey to the people of the Orient and to our own people. Nobody can tell me that men like Klaus Fuchs, Burgess and MacLean embraced communism because they were suffering from poverty. I think that is a sufficient explanation to show that poverty is not the full answer to communism.

May I demonstrate what I mean by what I said? If you followed the elections in Italy of some two or three years ago you will know we were all betting that that country would go communist. What happened? The people of Italy were swaying between two minds, and it was decided by the people there that they required a message. A clergyman preached love to those people. He explained what it meant. He explained the power behind it. It was that message of love preached to the people on the streets of Milan, Naples and the other large cities, which convinced a sufficient number of Italians so that Italy has been saved so far from communist domination.

I wish now to refer to the Prime Minister's trip to the Orient. If I can analyse and sum up his trip and the statements which he has made since he came back I would do it in this way. The Prime Minister found out on this trip that it does not matter what colour a man is; whether he is white, black, yellow or brown, he is a human being and he has the same feelings that you and I have. Kipling summed it up very well in a poem when he described the feelings of the wife of the common soldier and the wife of a colonel in these words:

> For the Colonel's Lady an' Judy O'Grady
> Are sisters under their skins!

The Prime Minister went to India and interviewed Mr. Nehru; he went to Pakistan and interviewed Mohammed Ali. He carried a message to them from this country and from the whole western hemisphere. It was received gladly. It was a message of good will and a message of love, if you want to use that term. But he did it through strength, because in India he was put on the spot when he was asked about the United States offering military aid to Pakistan, which was a very unpopular move so far as India was concerned.

What did the Prime Minister do? He faced up to the situation, and he told them of the friendship between Canada and the United States, and he was convinced that in giving military aid to Pakistan the United States had no thought that it would be directed at India. That was not the answer that the Indians wanted to hear; that was not what they expected. But they respect honesty and they respected the good will and the courage displayed by the Prime Minister in making that statement.

It has been said by the leader of the C.C.F. party here, who has on two occasions rather complained about the military aid of the United States to Pakistan, that there is uneasiness in India regarding it. Let us examine what that means. Will anyone suggest that Pakistan is going to declare war on India? Will anyone suggest that 70 million people are going to take on 360 million people? Pakistan has not the capacity to wage war on a large scale, nor indeed has India. In my opinion such an argument is utter nonsense and certainly not logical. When people make that statement in this house they do not complete the statement because President Eisenhower also offered military aid to India which India, being a proud nation, politely refused. What happened shortly after that? When news of the proposed Geneva conference was released the Prime Minister was asked what he thought. When Mr. Nehru called for a cease-fire in Indo-China he was also asked his opinion of that. Immediately and without any hesitation he backed up Mr. Nehru in his plea.

There you have a demonstration, if you like, of love through strength and the power of love through strength. In one case he

spoke from strength when it was unpopular, and in another instance he spoke from strength when it was popular.

The Prime Minister sowed a seed in India and those of us who know India will realize that he sowed that seed in India through strength and not through weakness and we will all do well to follow up his example—nourish that seed and bring it to its full fruit.

The seed is sown; and what we say in this house and how we back up the Prime Minister's example will determine whether the people of the Orient accept that message in the spirit in which it was offered. It is the message which they were waiting for because it is a message of hope and not one of fear. Because of that it will succeed. It will convince the great majority of the people of the Orient today who are sitting on the fence that they should reject the embrace of communism and accept the free and democratic way of life.

What the world requires today is this message of hope. You can never get peace or keep peace through fear. We are spending $2,000 million on defence because we have to, and because it is necessary, but it is not the solution to the problem of whether we are going to have peace or war. It may deter nations against waging war but it will not prevent war.

I was interested in an article I read today in the *Globe and Mail* written by Drew Middleton of the New York *Times* service and datelined London, March 25. The article states:

> The terrifying hydrogen weapon may prove a deterrent to war because of its terrible destructiveness, Foreign Secretary Eden said tonight.
>
> This hope was offered the deeply concerned people of Britain by their foreign secretary toward the close of a Conservative party television program in which Eden spoke for the government.

If this means anything at all it means that our only hope for peace is through fear. But fear never brought peace to the world yet. We are living in fear and trembling today of what is going to happen tomorrow, the next day, or six months hence, and that fear is universal. But if we are to convince the people of the outside world as well as ourselves and destroy this fear, and if we wish to have a permanent peace, then we have to substitute something for that fear. We must substitute hope for fear and we have got to give the people of Canada and of the outside world a message of hope.

The only message of hope that I can suggest is that we urge the breaking down of all racial and religious barriers both in this country and abroad, and that we spread the good news of the brotherhood of man and the fatherhood of God. We should not only spread that message but live up to it and if we do that we will give the people of the world not only peace but the only lasting peace in this world, which is the peace of God which passeth all understanding.

Mr. E. D. Fulton (Kamloops): Mr. Speaker, I wish to say a few words in this debate, mainly about the matter of consultation as referred to at some considerable length by the Secretary of State for External Affairs (Mr. Pearson) in the speech he made yesterday. I use the word in the sense in which it occurs to me in so far as foreign affairs are concerned, where, in the sort of world in which we live today, consultation has two aspects. The first is international—consultation between governments, and particularly between the governments of the western world in the North Atlantic treaty alliance, and secondly, national consultation, by which I mean consultation between the individual government and its parliament or whatever is the legislative body to which it owes responsibility.

I believe it is important for us to have a look at this matter of consultation in both these aspects, but I shall start with the second aspect which relates to consultation between our own government and this parliament to which it is responsible. Here we should have a look first at the extent to which this consultation has been going on in connection with the Geneva conference to be held on April 26, that is the extent to which we in this parliament are to be consulted and informed by the government about that conference.

As I listened to the debate it seemed to me that we are concerned here, and indeed all members of parliament are greatly concerned, with what the Canadian delegation may do at that conference in Geneva. The leader of the official opposition (Mr. Drew) has expressed our reasons for this concern. Those reasons are based on statements made from time to time by the Secretary of State for External Affairs, as well as by the Prime Minister (Mr. St. Laurent), which gave rise to some feeling of concern that our delegation to Geneva by some conceivable stretch of the imagination might be prepared to enter into some compromise or make some unfortunate deal with communist Russia and with Red China which could only redound to the disadvantage of the western world. We want to know what stand our delegates are going to take. What is going to be their bargaining position?

It is true that the Secretary of State for External Affairs in the course of this debate yesterday dealt with the objectives of the Canadian delegation in what he himself called

very general terms. I would like to read from his speech as reported at page 3326 of *Hansard:*

> The United Nations' resolution on this subject reads—at least the important sentence of it—that the objectives we are to seek are:

And here he quoted the resolution:

> Achievement by peaceful means of a unified, independent and democratic Korea under a representative form of government and the full restoration of international peace and security in the area.

The minister went on to say:

> These are the goals of the Canadian delegation to the conference.

And a little later on:

> I can see no obstacle that could not be overcome in the way of the realization of that resolution if there is good faith and good will on both sides;

The minister went on to say that the "if" with respect to the communist delegation was a pretty large "if".

I wonder whether there is justification even for the hope which the minister expressed, and the wonder which I have on that score makes me concerned lest our delegation is prepared to make the sort of concession which we on this side feel would be highly improper for the Canadian delegation to make.

That is why we want to be taken into the confidence of the minister and of the government. We want a measure of consultation, a word which the minister himself stressed to such great extent yesterday. We want some consultation between the government and parliament as to what are going to be the terms of reference of that delegation. The minister said that our objectives are to achieve, by peaceful means, a unified, independent and democratic Korea.

Mr. Speaker, it seems to me fair to say that our experience has proven that it is highly unlikely that you are going to get immediate agreement with Russia and with China on the restoring or the creation of a democratic government anywhere in the world, at least anywhere where the communist countries have any influence to prevent it. That is why I wonder whether there is even reason for the hope which the minister has expressed.

I think it would be an attitude of blind folly to say that we really hope we are going to get agreement with Russia and China on a democratic government, as we understand it, with regard to Korea unless we are going to make concessions which so far have not been indicated to us here. That is why it is proper and, in fact, essential that the minister should not content himself with the vague generality—"Oh, we are going over there to try to promote peace and democracy." Of course we are going over there to try to promote peace and a unified Korea. That is what we fought for. But how do we propose to try to get it? What bargain are we going to make? What bargain, if any, are we prepared to enter into in order to achieve it, or are we prepared to enter into any bargain? I think parliament is entitled to be consulted by the government and to be informed by the government on this point.

When he replies I can imagine the minister's saying, "Surely my hon. friend will hardly expect the Canadian delegation to show its hand and to reveal in advance to the Russian and Chinese delegates just what bargaining points we have before we get there". I suppose there may be some faint shadow of justification for that position, Mr. Speaker; but if we are not going to be told in detail what the Canadian delegation will be told, what bargaining attitudes they will take, I think we are at least entitled to insist that we should be told what they will not do and the points beyond which they will not go in the making of concessions, or in the encouragement of our allies in the making of concessions, to Russia and to communist China. It seems to me that it might indeed strengthen the position of the whole free world before the conference if there were to be a measure of consultation between the free western nations that have been fighting in Korea and an agreement as to those points beyond which they will not go in these negotiations so that the Russians and the Chinese would understand clearly before they go there those concessions which they need not even hope to be able to force from us.

Not only should that measure of consultation take place between those governments but it is my opinion that this parliament is entitled to be consulted and to be informed by the minister and by the government as to what that position is, what it is we have agreed that we will not do, or that we will not give up, at the Geneva conference. If we are to continue this so-called, and as I sometimes think inaptly described, bilateral foreign policy, I am convinced that we on this side of the house cannot for much longer be expected to support only what we are told about after it has been accomplished. If we are expected to support Canada's foreign policy—even in broad general terms—we should not be asked afterwards to assume the responsibility for it in the technical sense of that word, but should be consulted so that we will know in advance the direction or trend of government policies in these matters so that we can express our opinion on them, in order that if we are going to be asked

to support a deal after it has been made, we may at least have some opportunity of indicating the direction or the general lines along which we think negotiations should be conducted.

It is all very well for the secretary of state to use words to imply, as he did yesterday, that the necessity of consultation extends only between governments. As reported at page 3331 of *Hansard,* he said:

> I am sure hon. members will agree with me when I say that we want to be let in at the take-off so that we can do our part to help avoid a crash landing.

Mr. Speaker, if that statement applies as between governments which are assuming a joint responsibility in the conduct of international affairs, how much more aptly it applies as between the government and parliament when the government is asking parliament to support it in the foreign policy that it arrives at. I can only hope that the Secretary of State for External Affairs will inform parliament as to the bargaining position in general which is going to be taken by the Canadian delegation so that it will be a case of letting us be in at the take-off so that we can do our part to help avoid a crash landing rather than not being in at the take-off but having to strap ourselves in to minimize, so far as possible, the effects of that crash landing which might otherwise occur.

Mr. Pearson: May I ask the hon. gentleman a question?

Mr. Fulton: Yes.

Mr. Pearson: Does he feel that, as a result of this consultation, the opposition will be willing to accept responsibility for the policy of the government?

Mr. Fulton: Mr. Speaker, of course I could not answer that question until the minister takes us into his confidence and lets us know in what direction the Canadian foreign policy is tending—

Mr. Drew: And gets away from the ambiguity.

Mr. Fulton: —so we will know whether we should approve it. He cannot very well expect us to give him a blank cheque such as that for which he is asking in those words.

Mr. Pearson: I am not asking for anything.

Mr. Fulton: Mr. Speaker, may I move the adjournment of the debate?

Mr. Low: Mr. Speaker, now that the hon. member for Kamloops (Mr. Fulton) has moved the adjournment of the debate, perhaps you will allow me to say just a word or two on this motion. It is ten o'clock. I realize that fact. I do not know a thing about what the list of speakers may be; that is, I do not know how many hon. members yet want to speak in this debate. However, it appears to me to be desirable that we hear the Secretary of State for External Affairs (Mr. Pearson) as soon as we can. Consequently I am going to make to you, Mr. Speaker, the suggestion that we continue to sit and that we give the minister a chance to speak.

Some hon. Members: No.

Mr. Low: I realize that it will take unanimous consent of the members of the house, first, to sit beyond ten o'clock and, second, to allow the minister to speak before the debate has concluded, so that other members who wish to get into the debate will have a chance to speak at a later time. I realize all that. Nevertheless I am suggesting that on both counts I am prepared to give that consent on behalf of my colleagues.

I also want to say this. To me it hardly seems fair that, on January 29, when we had our last debate on external affairs, the Secretary of State for External Affairs did not have a chance to reply. It may be that matters will work out that way this time if he does not have a chance to speak tonight. I am therefore asking my colleagues in the House of Commons to give that consent on both counts so that we can hear the minister in reply.

Mr. Drew: Mr. Speaker, I do not think there will be any lack of desire on the part of any hon. member here to accord such facilities as might be required to deal adequately with this subject. However, there can be no blame attached to any hon. member in the house for the inability of the minister to speak on the earlier occasion or on this occasion, except to the government. This can go on next Monday in an orderly debate in the proper way as it could have gone on on the earlier occasion. As it stands at the moment I submit that this debate should proceed in an orderly way, and I would hope that it will proceed on Monday.

Mr. Pickersgill: I rise on a point of order not related to the point raised by the Leader of the Opposition at all. The hon. member for Kamloops resumed his seat, having completed his speech—

Mr. Fulton: No. On a question of privilege, Mr. Speaker—

Mr. Pickersgill: May I complete my point of order without being interrupted?

Mr. Speaker: Order. I cannot listen to two hon. members at the same time. I think I should continue to listen to the Secretary of State.

Mr. Pickersgill: As I was saying when I was interrupted, the hon. member for Kamloops resumed his seat, having completed his speech.

Mr. Fulton: No.

Mr. Pickersgill: He was then asked a question by the Secretary of State for External Affairs and he rose to reply. He had already completed his speech and I should not think he would then have the opportunity to make a second speech.

Mr. Fulton: On a question of privilege—

Mr. Speaker: Order. Perhaps I could explain to the Secretary of State—

Mr. Knowles: He is new around here.

Mr. Speaker: —that when the hon. member for Kamloops resumed his seat it was because it was ten o'clock, and he moved the adjournment of the debate.

An hon. Member: No.

Mr. Speaker: Oh yes, he did. Just as I was about to put that motion the hon. member for Peace River rose and said that he was speaking to the motion of the hon. member for Kamloops to adjourn the debate. He made a suggestion concerning the business of the house, the routine as to this debate, and it had to do with giving the Secretary of State for External Affairs, by unanimous consent, a chance to reply now. With that the Leader of the Opposition indicated that he could not agree. Since there is not unanimous consent, does the Secretary of State for External Affairs wish to say a word on the suggestion that was made?

Mr. Pearson: With respect to the suggestion of the hon. member for Peace River, I should like to say a word to the effect that some very important questions have been asked of the government today and they should have been answered today if that had been possible. I am very sorry that that has not been possible.

Mr. Speaker: Mr. Fulton, seconded by—

Mr. Fulton: On a question of privilege, Mr. Speaker, so that there will be no misunderstanding, I am not absolutely clear in my recollection of this, but I do not think it will be found in *Hansard* that I said "I move the adjournment of the debate" before the Secretary of State for External Affairs asked me his question. My recollection of the sequence is that as I closed and was about to move the adjournment, the Secretary of State for External Affairs said, "May I ask the hon. gentleman a question?" I said "yes" and resumed my seat to give him that opportunity. After the Secretary of State for External Affairs had completed his question I rose, replied, and then said "I accordingly move the adjournment of the debate". It is a pity that the Secretary of State does not listen more closely before he raises these puerile points of order.

Mr. Speaker: I stand corrected. In explaining the sequence I forgot the incident of the question having been asked and answered and then the motion to adjourn the debate being moved. May I put the motion now?

On motion of Mr. Fulton the debate was adjourned.

BUSINESS OF THE HOUSE

Mr. Harris: Mr. Speaker, it has been agreed that on Monday we will take a motion to go into supply by the Minister of Finance which will not be opposed on the understanding that we do not enter any new departments. The procedure then will be that the Minister of Finance will ask for interim supply and when that has been granted we will take up the supplementary estimates.

Mr. Knowles: Is the minister in a position to give us information as to the business for any further days next week, as he has sometimes done so helpfully, so that we might have a general view of the week?

Mr. Harris: In this particular instance I have no way of judging how long my hon. friends may take on the supplementary estimates. If I had I would be glad to forecast the rest of the week.

Mr. Green: If the supplementary estimates go through before ten o'clock what business will be taken up then?

Mr. Harris: If the supplementary estimates are completed before ten o'clock on Monday we will go on with this debate.

It being six minutes after ten o'clock the house adjourned, without question put, pursuant to standing order.

HOUSE OF COMMONS

Monday, March 29, 1954

The house met at 2.30 p.m.

TRANS-CANADA AIR LINES

REFERENCE OF ANNUAL REPORT, AUDITORS' REPORT AND BUDGETS TO RAILWAYS AND SHIPPING COMMITTEE

Right Hon. C. D. Howe (Minister of Trade and Commerce): Mr. Speaker, by leave of the house I desire to move that the annual report of Trans-Canada Air Lines for the year 1953, tabled on March 15, the auditors' report in respect of Trans-Canada Air Lines for the year 1953, tabled on March 16, and also the revised budget for the year 1953, and the capital budget for the year 1954, and the operating budget for the year 1954 in respect of Trans-Canada Air Lines tabled March 26, be referred to the sessional committee on railways and shipping owned, operated and controlled by the government.

Motion agreed to.

ATOMIC ENERGY CONTROL ACT

AMENDMENTS CONSOLIDATING ACTIVITIES OF GOVERNMENT

Right Hon. C. D. Howe (Minister of Trade and Commerce): Mr. Speaker, I beg leave to withdraw the resolution relating to the amendment of the Atomic Energy Control Act standing in my name as item No. 6 under "Government Orders" on the order paper. I am now handing over to the Clerk for insertion in *Votes and Proceedings* notice of a bill which will be entitled "An act to amend the Atomic Energy Control Act."

Mr. Drew: Will the minister explain the reason for this change?

Mr. Howe (Port Arthur): The bill to amend the Atomic Energy Control Act as originally drawn required a resolution, as it involved expenditure of money. The bill as at present drawn does not require a resolution and the government has decided to withdraw the resolution and present the bill in the form as now revised.

Some hon. Members: Agreed.

Order discharged and resolution withdrawn.

STANDING ORDERS

MOTION FOR CONCURRENCE IN FOURTH REPORT OF STANDING COMMITTEE

Mr. J. H. Harrison (Meadow Lake) moved that the fourth report of the standing committee on standing orders presented to the house on Friday, March 26, 1954, be concurred in.

Motion agreed to.

CANADA ELECTIONS ACT

AMENDMENT TO REDUCE VOTING AGE

Mr. H. R. Argue (Assiniboia) moved for leave to introduce Bill No. 390, to amend the Canada Elections Act (age of voters).

Some hon. Members: Explain.

Mr. Argue: Mr. Speaker, the purpose of this bill is to reduce the age of voters under the Canada Elections Act from 21 to 18.

Motion agreed to and bill read the first time.

PRIVATE BILL

FIRST READING—SENATE BILL

Bill No. 389, respecting Trans-Canada Pipe Lines Limited.—Mr. Decore.

QUESTIONS

BRETTON WOODS CONFERENCE

Mr. Hansell:

1. Who initiated the Bretton Woods conference?
2. Who invited Canada to send a delegation?
3. Did the Canadian delegation carry any instructions from the government, and if so, what were those instructions?
4. Who were the official members of the Canadian delegation to the Bretton Woods economic conference?
5. What was the position and considered qualifications of each one?
6. What are the names of all others who accompanied the delegation as advisers, clerks and any other occupation?
7. In what department of the government was each one employed?
8. What was the position and considered qualification of each?
9. What was the salary of each one employed?
10. What was the total cost to Canada of this conference?

Mr. Benidickson:

1. The United Nations international monetary and financial conference which was held

at Bretton Woods from July 1 to July 22, 1944, was initiated by the government of the United States for the purpose of formulating definite proposals for an international monetary fund and a bank for reconstruction and development.

2. The invitation to the Canadian government came from the government of the United States.

3. Before the conference was actually held, an understanding was reached between the governments concerned that the delegates would not be required to hold plenipotentiary powers and that the proposals formulated at the conference would be referred to the respective governments for their acceptance or rejection. In the circumstances the Canadian delegation to the conference did not carry any formal instructions from the Canadian government. A statement of the Canadian position was contained in a speech by the Prime Minister on April 21, 1944, following a report of a committee of experts on the proposals to establish an international monetary fund.

4 and 5. Official members of the Canadian delegation were:

The Hon. J. L. Ilsley, K.C., M.P., minister of finance;

The Hon. L. S. St. Laurent, K.C., minister of justice;

Mr. D. C. Abbott, K.C., parliamentary assistant to the minister of finance;

Mr. Lionel Chevrier, K.C., M.P., parliamentary assistant to the minister of munitions and supply;

Mr. J. A. Blanchette, M.P.;

Mr. W. A. Tucker, K.C., M.P.;

Dr. W. C. Clark, deputy minister of finance;

Mr. G. F. Towers, governor of the Bank of Canada;

Dr. W. A. Mackintosh, special assistant to the deputy minister of finance;

Mr. L. Rasminsky, chairman (alternate), foreign exchange control board;

Mr. A. F. W. Plumptre, financial attaché, Canadian embassy, Washington;

Mr. J. J. Deutsch, special assistant to the under-secretary of state for external affairs;

Mr. P. T. Tremblay, third secretary in the Canadian embassy at Washington.

6, 7, 8 and 9. Name, position, salary: Mrs. M. E. Unger, clerk grade 3, $1,721.04; Miss B. M. Eynon, office manager and general secretary, wartime prices and trade board Washington office, $2,300 (U.S.).

10. The only expenses incurred by the government were the travelling expenses of the various delegates. At this late date it is only possible to give the total of these travelling expenses for the civil servants who attended this conference. These expenses were $2,229.16.

[Mr. Benidickson.]

COAL AND GOLD MINES—FEDERAL ASSISTANCE

Mr. Purdy:

What was the amount of direct federal assistance paid or committed for in the fiscal year 1953 for (a) the coal mines of Canada; (b) the gold mines of Canada?

Mr. Prudham:

Amounts

(a) Assistance to coal mines, paid, $7,155,-104.00; committed, $1,847,662.00; estimated, $10,669,000.00.

*(b) Assistance to gold mines, paid, $11,-059,480.39; committed, $2,408,910.32; estimated, $11,000,000.00.

The above figures represent payments and commitments up to and including March 22, 1954.

*(b) Included in the $11,059,480.39 is an amount of $22,199.25 representing holdback payments for 1951 and $717,736.99 representing holdback payments for 1952.

GRAIN SHIPMENTS THROUGH CHURCHILL, HALIFAX AND SAINT JOHN

Mr. Brooks:

How many bushels of grain were shipped through the ports of Churchill, Halifax and Saint John, respectively, during each of the years 1946 to 1953 inclusive?

Mr. Dickey:

Year	Churchill	Halifax	Saint John
1946	2,929,000	6,851,000	15,925,000
1947	4,976,000	7,008,000	13,671,000
1948	5,314,000	7,434,000	12,210,000
1949	5,528,000	9,346,000	14,122,000
1950	6,768,000	6,160,000	10,100,000
1951	7,278,000	5,548,000	11,958,000
1952	8,585,000	10,136,000	15,847,000
1953	10,784,000	13,815,000	22,247,000

EXPORT AND IMPORT PERMITS ACT—PROSECUTIONS

Mr. Knowles:

1. How many prosecutions have been lodged in connection with alleged offences against the Export and Import Permits Act?

2. How many of the aforementioned prosecutions resulted in convictions?

3. What are the names of persons or companies so convicted?

4. What was the offence in each case and what penalty was imposed?

Mr. Dickey:

1. Twenty-six.

2. Seventeen.

3 and 4. Milford Oliver—exporting feed without a permit—fined $100.

Mark Benjamin—exporting hay rake without a permit—fined $50.

Laurent Lamothe—exporting hay rake without a permit—fined $50.

Gaspesia Lumber Ltd.—exporting lumber of quality and quantity other than specified in permits—fined $2,000.

Arthur E. Sabourin—exporting eggs without a permit—fined $50.

Percy Weissman—exporting tinplate to destination other than specified in permits—fined $1,025.

Willie Boudreau—exporting hay rake without permit—fined $25.

Oliva Grenier—exporting hay rake without permit—fined $25.

Joseph Finestone (first case)—exporting tinplate of quality other than specified in permit—fined $25.

Joseph Finestone (second case)—exporting tinplate to destination other than specified in permit—fined $125.

Sophy Segal, then carrying on business under the firm name and style of Canada Scrap Iron and Metal—exporting steel scrap in excess of permits—fined $600.

Colwood Accessories Limited—false information in export permit application; transferring a permit; allowing another person to use permit re nylon yarn—fined $1,750.

L. R. Shapiro, then carrying on business under the firm name and style of Lenex Corporation—allowing another person to use export permit re tinplate—fined $1,000.

Kent Steel Products Limited—allowing another person to use export permit re tinplate—fined $1,000.

Jacob Monster, then carrying on business under firm name and style of Wilmod Company—using another person's export permit re tinplate—fined $1,000.

Morris Gurvey, then carrying on business under firm name and style of M. Gurvey and Company—allowing another person to use his export permit re radio parts—fined $1,000.

Metropolitan Braids Limited—exporting nylon yarn without a permit and using another person's permit to export—fined $1,000.

LETTER CARRIERS

Mr. Knowles:

1. What length of service must a letter carrier have in order to be eligible for appointment as a supervisory letter carrier?

2. What are the duties of a supervisory letter carrier?

3. Is there a pay differential between letter carriers on regular walks and supervisory letter carriers? If so, what is the amount of that differential?

Questions

4. Do supervisory letter carriers have priority over other letter carriers in the choice of time for annual leaves, regardless of length of service?

5. Have any changes in respect of arrangements for annual leaves, as between supervisory letter carriers and letter carriers on regular walks been made at any time since February 1, 1954? If so, on what dates were such changes made, and what were the terms of such changes?

6. Has the Post Office Department received representations, at any time since February 1, 1954, from associations or organizations representing letter carriers, in respect of arrangements for annual leaves?

7. What were the terms of such representations, and what steps has the Post Office Department taken to meet such employee representations?

Mr. Cote:

1. There is no fixed length of service. Positions are filled by promotion wherever practical.

2. To act as relief carriers in the case of sick leave, annual leave or any other type of leave. To act as rotation carriers in connection with the five-day 40-hour week. To check letter carrier walks. To assist in the training of inexperienced help and to perform such other related duties as may be required.

3. Yes, at the minimum, $660, at the maximum, $300.

4. Yes, in some offices.

5. Yes, as outlined on March 17, page 3071 of *Hansard*.

6. Yes.

7. That selection of annual leave periods be on a basis of length of service irrespective of rank. This has been granted where the practical requirements permit as follows:

(a) If as many suitable supervisory letter carriers as are required, in each letter carrier delivery office, can be recruited without their being given priority for annual leave, this is to be done.

(b) In those centres where it is not possible to recruit the necessary number of suitable supervisory letter carriers without these employees being given priority for annual leave, then they are to be given this priority within the block of ten walks.

SOUTH SASKATCHEWAN RIVER DAM AND IRRIGATION PROJECT

Mr. Diefenbaker:

What expenditures have been made on the South Saskatchewan river dam and irrigation project, month by month from August 1953, to date?

Mr. McCubbin:

1953: August 31, $50,232.56; September 30, $45,849.70; October 31, $39,918.34; November 30, $54,555.81; December 13, $45,758.99.

1954: January 31, $31,291.65; February 28, $61.261.23.

Questions

CANADIAN FARM LOAN BOARD—APPLICATIONS

Mr. Argue:

1. How many applications for loans were received by the Canadian farm loan board for the year ending March 31, 1953, by provinces?

2. How many loans were granted in each province for the year ending March 31, 1953?

Mr. Benidickson:

1.

Province	Number
British Columbia	370
Alberta	346
Saskatchewan	1,099
Manitoba	319
Ontario	1,169
Quebec	701
New Brunswick	191
Nova Scotia	83
Prince Edward Island	128
Newfoundland	0

2.

Province	Number of first mortgage loans disbursed	Number of second mortgage loans disbursed
British Columbia	127	10
Alberta	185	35
Saskatchewan	447	236
Manitoba	160	85
Ontario	318	60
Quebec	107	42
New Brunswick	60	7
Nova Scotia	39	1
Prince Edward Island	71	10

FEDERAL HEALTH GRANTS—SASKATCHEWAN

Mr. Tucker:

1. Has any assistance been given by the federal government to the province of Saskatchewan under the health grants program for the purchase of scientific, laboratory and other related equipment?

2. If so, what are the particulars of such assistance?

Mr. Robertson:

1. Yes.

2. A grant of $127,500.76 has been approved recently under the national health grants program for the university hospital at Saskatoon toward the provision of scientific and technical X-ray and laboratory equipment in order to establish suitable diagnostic services for the large portion of the province centring at Saskatoon.

*LOYALTY SCREENINGS—GOVERNMENT EMPLOYEES

Mr. Fulton:

On the occasion when the loyalty screening of government employees was first completed, were there any dismissals or transfers, and if so, how many, in the following departments or agencies of government: (a) external affairs; (b) national defence; (c) national research council; (d) Canadian Broadcasting Corporation (both domestic and international services); (e) national film board?

Mr. St. Laurent: The asterisk before this question indicates that the hon. member who set it down wishes to have it answered orally. The only answer I can make is that this government must take the responsibility of refusing to make a public record of the information requested by the question for the reasons given by the Acting Prime Minister (Mr. Howe) in answering orally a similar question on March 3, as reported at page 2618 of *Hansard*.

EXPENDITURES FOR TOBACCO, ALCOHOL, ETC.

Mr. Nicholson:

What were the per capita expenditures in Canada in 1931, 1941, and 1951, for (a) tobacco; (b) alcoholic beverages; (c) cosmetics; (d) moving pictures; (e) education?

Mr. Dickey:

Estimated per capita expenditure in Canada

	1931	1941	1951
Tobacco	$10.79*	$15.03	$30.18
Alcoholic beverages	15.90*	20.68	52.24
Cosmetics and toilet preparations	1.54	2.08	4.41
Moving pictures (exclusive of taxes)	3.25	3.54	6.60
Education	13.95	11.28	35.33

* Estimate for 1930 used—national accounts, income and expenditure, 1926-1950.

MAIL DELIVERY CONTRACT—MONTPELLIER, QUE.

Mr. Dufresne:

1. Has the mail delivery contract for rural route No. 1, at Montpellier, county of Labelle, province of Quebec, been renewed?

2. If so, (a) to whom was the said contract awarded; (b) on what date; (c) for what amount?

Mr. Cote:

1. No.

2. (a) Ardoire Seguin; (b) January 19, 1954; (c) $1,050 per annum.

NOVA SCOTIA—PAYMENTS FROM ELECTRICAL, GAS OR STEAM CORPORATIONS

Mr. Balcom:

For the calendar year January 1, 1953 to December 31, 1953, what payment was made to Nova Scotia from money collected from corporations whose main business is the distribution to the public of electrical energy, gas or steam?

Mr. Benidickson: $173,482.

QUESTIONS PASSED AS ORDERS FOR RETURNS

CABINET MINISTERS—COMPANY DIRECTORSHIPS

Mr. Knowles:

1. Are any cabinet ministers directors of any companies, corporations, etc?
2. If so, what ministers, what companies or corporations are they directors of, and at what date were any directorships presently held by such cabinet ministers assumed?
3. Have any cabinet ministers resigned any directorships since being sworn of the privy council?
4. If so, which ministers, on what dates, and from what companies or corporations?
5. Are any parliamentary assistants to cabinet ministers directors of any companies, corporations, etc.?
6. If so, which ones, and of what companies or corporations?

COAL CONSUMPTION—GOVERNMENT BUILDINGS

Mr. Hansell:

1. How much coal was used in government buildings during the last year for which figures are available?
2. How much of this coal was mined in Canada?

RADIO AND TELEVISION SETS—EXCISE TAX AND SALES

Mr. Fraser (Peterborough):

1. What was the total number of television sets sold in Canada during: (a) the year 1953; (b) the first two months of 1954?
2. What was the total amount of excise tax collected on these sets in: (a) the year 1953; (b) the first two months of 1954?
3. What was the total amount of excise tax turned over to the Canadian Broadcasting Corporation on the sale of these sets in: (a) the year 1953; (b) the first two months of 1954?
4. What was the total number of radios sold in Canada during: (a) the year 1953; (b) the first two months of 1954?
5. What was the total amount of excise tax collected on radio sets in: (a) the year 1953; (b) the first two months of 1954?
6. What was the total amount of excise tax turned over to the Canadian Broadcasting Corporation on the sale of these sets in: (a) the year 1953; (b) the first two months of 1954?
7. What was the total sale value of television sets sold in: (a) the year 1953; (b) the first two months of 1954?
8. What was the total sale value of radio sets sold in: (a) the year 1953; (b) the first two months of 1954?

P.F.A.A.—PERSONNEL, 1953

Mr. Diefenbaker:

What are the names of each and every official and employee connected with the Prairie Farm Assistance Act administration, and their respective occupations at the time of appointment, and the respective amounts of salaries and expenses paid each of them during the year 1953?

P.F.R.A.—PERSONNEL, 1953

Mr. Diefenbaker:

What are the names of all officials, servants and employees connected with P.F.R.A. and their respective occupations at the time of appointment and the amount of salaries and expenses paid to each of them during the year 1953?

P.F.R.A.—PERSONNEL, PRAIRIE PROVINCES

Mr. Diefenbaker:

How many officials, employees, etc., are or were there in the provinces of (a) Manitoba; (b) Saskatchewan; (c) Alberta, in the P.F.R.A. administration as of (i) March 1, 1954; (ii) March 1, 1950?

P.F.A.A.—PERSONNEL, PRAIRIE PROVINCES

Mr. Diefenbaker:

How many officials, employees, etc., are or were in the employ of the Prairie Farm Assistance Act administration in the provinces of (a) Manitoba; (b) Saskatchewan; (c) Alberta, as of (i) this date; (ii) March 1950?

MOTIONS FOR PAPERS

CUSTOMS CHECK BRANCH—LETTER DIRECTING HIGHER RATE

Mr. Knowles:

For a copy of a typical letter (or typical letters, if there are any significant variations in different letters written on the subject), dated at any time since January 1, 1952, written by the customs check branch of the customs and excise division of the Department of National Revenue, to collectors of customs at customs ports, advising that a higher rate of duty, sales tax or excise tax is required, without necessarily giving the name of any firm involved in such correspondence.

CUSTOMS CHECK BRANCH—LETTER DIRECTING LOWER RATE OR EXEMPTION

Mr. Knowles:

For a copy of a typical letter (or typical letters, if there are any significant variations in different letters written on the subject), dated at any time since January 1, 1952, written by the customs check branch of the customs and excise division of the Department of National Revenue, to collectors of customs at customs ports, advising that a lower rate of duty or the exemption from sales tax or excise tax is applicable, without necessarily giving the name of any firm involved in such correspondence.

Mr. Abbott: In the absence of the Minister of National Revenue I wonder whether my hon. friend would allow these motions to stand?

Mr. Speaker: Motions No. 1 and No. 2 stand.

POST OFFICE EMPLOYEES—NIGHT DIFFERENTIAL

Mr. Knowles:

For a copy of any correspondence dated at any time since January 1, 1954, exchanged between any organizations or associations representing post office employees, and the Postmaster General, the deputy postmaster general, or any other senior official of

the Post Office Department, with reference to the question of the night differential for post office workers.

WHEAT

REQUEST FOR INTERIM PAYMENT ON DELIVERIES OF 1953 CROP

On the orders of the day:

Mr. J. G. Diefenbaker (Prince Albert): I wish to direct a question to the Minister of Trade and Commerce. Has a representation been received from the government of Manitoba asking for an advance or interim payment on account of the wheat delivered of the 1953 crop; and is consideration being given by the government to granting such an advance in order to meet the costs that necessarily affect farmers during the spring period?

Right Hon. C. D. Howe (Minister of Trade and Commerce): Mr. Speaker, I recall no communication from the province of Manitoba; but I shall be glad to look through my files and, if I am wrong, I will answer tomorrow.

Mr. Diefenbaker: What about the other question? Has the government given consideration to having the wheat board make an advance payment on account of the wheat delivered by western farmers of the 1953 crop in order to meet costs that will necessarily fall on farmers in the springtime?

Mr. Howe (Port Arthur): The wheat board at the moment is in the process of paying out some $60 million, being the final payment on the crop of 1952; and it is felt that that cash in hand will be sufficient to take care of spring seeding requirements.

ATOMIC ENERGY

INQUIRY AS TO RADIOACTIVE DUST—MELFORT, SASK.

On the orders of the day:

Mr. H. A. Bryson (Humboldt-Melfort): I should like to direct a question to the Minister of National Defence or, in his absence, to the associate minister. Can the minister confirm this morning's radio dispatch reporting that radioactive dust has fallen on the town of Melfort, Saskatchewan?

Hon. R. O. Campney (Associate Minister of National Defence): Mr. Speaker, the answer is no; I cannot confirm it.

DEVELOPMENT FOR POWER PURPOSES IN NEW BRUNSWICK

On the orders of the day:

Mr. J. H. Dickey (Parliamentary Assistant to the Minister of Defence Production): On Friday, the hon. member for Charlotte (Mr. Stuart) asked if the federal government had received any representations from the provincial government of New Brunswick in connection with the development of atomic energy for power purposes in that province.

The situation is that on February 17, 1953, the Minister of Trade and Commerce referred to the government's desire that production of power from atomic energy should be discussed with those who distribute power in Canada—the provincial power commissions and privately-owned power corporations. His remarks in this connection appear at page 2011 of *Hansard*. Subsequently, a letter was received from the power commission of the province of New Brunswick, dated February 19, 1953, asking whether or not this was a general invitation for participation. The reply to this letter was sent on March 5, 1953, advising the power commission of New Brunswick that the minister's remarks could be regarded as an invitation to those interested in participation, and certain information regarding the program to date was made available. It was suggested that the power commission of New Brunswick should select an individual to visit Chalk River so that the commission would be fully informed of developments. Through this means the province of New Brunswick will be able to participate in future development to the maximum extent which circumstances will permit.

SECURITY

LOYALTY SCREENINGS—GOVERNMENT EMPLOYEES

On the orders of the day:

Mr. E. D. Fulton (Kamloops): With reference to question No. 49, Mr. Speaker, to which the Prime Minister gave an oral answer, may I ask if he is aware of the fact that in 1950, as reported in *Hansard* for that year, information up to that time dealing with two of the agencies referred to in question No. 49 was given. If he is not aware of that fact, perhaps I can bring it to his attention. If he is aware of it, can he explain why the policy appears to be changed and that similar information on those two agencies with respect to the others should now be refused?

Right Hon. L. S. St. Laurent (Prime Minister): Mr. Speaker, I will have to look into the matter. I did not attempt to make any comparison between what the hon. gentleman says was done in 1950 and the position now taken. I can assure him that I will look into the matter and see whether or not there is any special reason.

POSTAL SERVICE

REQUEST FOR DEFINITION OF TORONTO AREA SUBJECT TO DROP LETTER RATE

On the orders of the day:

Mr. F. A. Enfield (York-Scarborough): May I direct a question to the Postmaster General. Can he say what will be the area in Toronto which will be granted the drop letter rate when the new rates come into effect on April 1? Naturally I am particularly interested in the constituency of York-Scarborough in this regard.

Hon. Alcide Cote (Postmaster General): I wish to thank my friend the hon. member for York-Scarborough for giving me notice of this question, which I am very glad has been raised.

In urban centres the drop letter rate includes the area served by letter carriers and where appropriate also includes the area served by dependent post offices within the municipal area under the jurisdiction of the city postmaster.

A municipality of metropolitan Toronto was established by provincial statute in 1953. This metropolitan area does not exactly coincide with the drop letter rate area, the boundaries of which are determined from a practical point of view to correspond with the actualities of the situation.

For example, at at least one point, the boundaries of letter carrier delivery have already extended beyond the boundaries of the metropolitan municipality.

At other points within the metropolitan municipality, there are areas which are comparatively undeveloped from an urban postal point of view.

It has therefore been deemed appropriate to define the area in connection with the municipality of metropolitan Toronto which will be considered as the drop letter rate area of the Toronto main post office.

The boundaries of this area are as follows:

On the south, lake Ontario. On the east, Pickering town line, north to highway No. 2A; thence by the Lansing cut-off to the proposed new highway running south of the Lansing road, as far as the Don river, thence north along the line of the Don river to Steeles avenue east; west along Steeles avenue east and Steeles avenue west to the Canadian National Railways, west of Dufferin street; south on the Canadian National Railways, thence west along Finch avenue to concession 1; south on concession 1 to the Richview side road, west on the Richview side road to Browns line; south on Browns line to the Queen Elizabeth highway, west along the Queen Elizabeth highway to Etobicoke creek, then following the line of the Etobicoke creek south to lake Ontario.

The boundaries of the drop letter rate area of the municipality of Toronto will naturally be subject to amendment from time to time as development occurs.

One of the main features is that the complete postal area will be under the jurisdiction of the city postmaster of Toronto.

SUPPLY

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

INTERIM SUPPLY

Mr. Abbott moved:

Resolved, that a sum not exceeding $526,007,622, being one-sixth of the amount of each of the items to be voted, as set forth in the main estimates for the fiscal year ending March 31, 1955, laid before the House of Commons at the present session of parliament; and in addition thereto, a sum not exceeding $216,900, being one-quarter of the amount of item 431, a sum not exceeding $417,594.33, being one-sixth of the amount of items 197, 199, 202, 203, and a sum not exceeding $4,303,708.08, being one-twelfth of the amount of items 19, 37, 61, 79, 433, 434, of the said estimates be granted to Her Majesty on account of the fiscal year ending March 31, 1955.

He said: Mr. Chairman, as was the case at about this time last year the proposed bill will provide, first, one-sixth of all items to be voted in the main estimates for the fiscal year 1954-55; second, an additional one-quarter of one special item in connection with the international trade fair in respect of which most of the charges will come up for payment within the first two months of the year. That will release in all five-twelfths of that item. Third, there is an additional one-sixth of four special items, three of which are to cover the sessional expenses of the Senate and the House of Commons on which the heaviest payments fall due in the early part of the year. The fourth item is used initially to finance certain recoverable payments whereas provision for net expenditures only is included in the estimates. That item is item 197 relating to the unemployment insurance commission. This will release in all one-third of those items.

Finally, there is an additional one-twelfth of six special items for services with seasonal or other variable expenditure trends where heavier than normal expenditures are required in the early part of the year. This will release in all one-quarter of these items. I might add that these special items are the ones concerning which each year I have asked that an additional amount should be voted in interim supply.

The general proportion of one-sixth of all services plus additional proportions for certain special items is intended to provide for all the necessary requirements of the public service to the end of May. In no instance is the total amount of any item being released. The form of the bill is the same as the bill passed at this time last year. The passing of the bill will not prejudice the rights and privileges of members to criticize and discuss any item in the estimates which will come up for consideration from time to time throughout the balance of the session, and the usual undertaking is hereby given that such rights and privileges will be respected and will not be curtailed or restricted in any way as a result of the passing of this measure.

Mr. Knowles: The minister said that in no case was the total amount of an item being asked for in this interim supply bill. What is the largest amount in any case—five-twelfths?

Mr. Abbott: Five-twelfths, yes.

Resolution reported, read the second time and concurred in.

WAYS AND MEANS

INTERIM SUPPLY

Hon. Douglas Abbott (Minister of Finance) moved that the house go into committee of ways and means.

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

Mr. Abbott moved:

Resolved, that towards making good the supply granted to Her Majesty on account of certain expenses of the public service for the fiscal year ending March 31, 1955, the following sums be granted out of the consolidated revenue fund of Canada, namely:

1. The sum of $526,007,622, being one-sixth of the amount of each of the items set forth in the main estimates for the fiscal year ending March 31, 1955;
2. The sum of $216,900, being one-quarter of the amount of item 431 of the said estimates;
3. The sum of $417,594.33, being one-sixth of the amount of items 197, 199, 202, 203 of the said estimates; and
4. The sum of $4,303,708.08, being one-twelfth of the amount of items 19, 37, 61, 79, 433, 434 of the said estimates; as set forth in the resolution concurred in this day in the committee of supply.

Resolution reported, read the second time and concurred in.

Mr. Abbott thereupon moved for leave to introduce Bill No. 391, for granting to Her Majesty certain sums of money for the public service of the financial year ending the 31st of March, 1955.

[Mr. Abbott.]

Motion agreed to, bill read the first and second times and the house went into committee thereon, Mr. Robinson (Simcoe East) in the chair.

On clause 1—*Short title.*

Mr. Knowles: With respect to clause 1, may I ask the minister if there is any significance to the fact that this act is to be cited as Appropriation Act No. 0?

Mr. Abbott: When the bill is given reading now it will be No. 1. This is a preliminary printing of course. We are doing this by leave, but it will be Appropriation Act No. 1.

Clause agreed to.

Clause 2 agreed to.

On clause 3—*$216,900 granted for 1954-55.*

Mr. Fulton: On this clause, I have a question which is not extremely important, but I should like to know how this thing works. As I understand it, under clause 2 we have voted one-sixth of every item in the main estimates. Then, under clause 3 we are asked to vote a specific sum not to exceed $216,900, being one-quarter of the amount of the item set forth in schedule A to the act. I take it from looking at schedule A that item in the estimates is No. 431.

Mr. Abbott: That is correct.

Mr. Fulton: Is it possible that by using the wording in clause 3 we have voted already one-sixth of item 431 and we are now voting an additional one-quarter?

Mr. Abbott: An additional one-quarter, and as I said the effect of this clause is to vote five-twelfths of the item.

Clause agreed to.

Clauses 4 to 6 inclusive agreed to.

Schedule A agreed to.

Schedule B agreed to.

Schedule C agreed to.

Preamble agreed to.

Title agreed to.

Bill reported.

Mr. Deputy Speaker: Shall this bill be read a third time now?

Mr. Knowles: By leave.

Mr. Abbott moved the third reading of the bill.

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

SUPPLY

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

The Chairman: These are the supplementary estimates, and the first item is No. 547.

DEPARTMENT OF AGRICULTURE

547. To provide for the payment of compensation to owners of animals affected with diseases coming under the operation of the Animal Contagious Diseases Act, which have died or have been slaughtered under circumstances unprovided for under the above act and regulations thereunder, in the amounts detailed in the estimates, $838.

Mr. Abbott: I was just going to point out, at the outset, that as usual in these supplementary estimates there are no new questions of policy. All of these items provide funds for which there was an item in the main estimates but for which inadequate provision was made in the votes. In other words, the policy has already been determined and this is to provide moneys where there has not been sufficient already voted.

Mr. Argue: If that is the case, I wonder whether the minister can explain why the first item states that it is to provide for the payment of compensation to owners of diseased animals which died or were slaughtered under circumstances unprovided for in the Animal Contagious Diseases Act and regulations. Perhaps the minister could say why this has not been covered by either the act as it existed before this session of parliament or the act as it now exists following the amendments that were made to the act during this session? The item is not very large, but here are a number of producers who have received compensation for animal slaughter, as it says, in a way unprovided for by the legislation.

Mr. Abbott: My understanding is, as it was explained to us in treasury board when this item came forward, that these were appropriate cases for compensation but for which, as the item indicates, compensation was not directly provided under the act. I have the names here of the persons who received compensation.

Mr. Knowles: Have received?

Mr. Abbott: Will receive.

Mr. Knowles: Which is it?

Mr. Abbott: There is no money voted. They will receive compensation totalling $838. There is a payment of $183 to a gentleman in Alberta. The carcass was condemned for t.b., and all the cases seem to have been either as a result of the animal having t.b. or what is described as a t.b. reactor, whatever that is.

Mr. McCullough (Moose Mountain): I think it would be particularly appropriate if we had the Minister of Agriculture here to answer the questions on this item. The Minister of Finance is not able to tell the committee exactly the reason for these appropriations.

Mr. Abbott: I can give that information. Perhaps I should say that there is no discourtesy intended in the minister not being here. It has been fairly common for ministers not to be required to attend for these final supplementary items, because, as I say, the principle involved in each item has already been passed upon by the house. The votes are merely supplementary votes which have already been discussed. If the committee wishes I can give the names, the amounts and the reasons for the death of the cattle. It has never been the custom to debate again at this stage the desirability or otherwise of compensating people for diseased cattle. There is a similar item in the estimate which will be before the house within the next two or three weeks. That is my only reason for making that statement.

Mr. McCullough (Moose Mountain): I do not think there is need for so much haste to pass these items that we cannot be informed as to the exact nature of the appropriations to be made. I, sir, would like to make some observations on the administration of this act and on the Department of Agriculture. I feel it would be quite appropriate and timely to do that because of certain information coming to our desks and through our research. I have a matter which I feel perhaps is urgent and important to the Department of Agriculture and to our people generally. While it is not my wish to hold up the house on these estimates, I do want to refer to a matter which, at least—

Mr. Abbott: Before we proceed with this, Mr. Chairman, I think it is important that we adhere fairly strictly to the rules on these supplementary estimates. I suggest the hon. member's remarks must be related, not to the administration of the Department of Agriculture generally or to the policy of the department but to the compensation paid for loss of livestock.

Mr. McCullough (Moose Mountain): If we are to adhere strictly to what the minister has said, Mr. Chairman, and you are in agreement with him, it is impossible for me to bring up the matter I had in mind. In view of that, I feel the minister should tell us exactly what the expenditure is to be under this vote.

Mr. Abbott: I shall do that. The names and addresses of the recipients and the amounts received are as follows:

Name	Address	Amount
Laurent Authier	Riviere Heva, Quebec	$33
Germain Beland	Ste. Jeanne d'Arc, Quebec	30
Bernard Brais	Iberville, Quebec	134
Alcide Laflamme	R-2, Stanstead, Quebec	92
Robert St. Pierre	L'Islet, Quebec	70
Rudulph Denzutter	Aylmer, Ontario	88
R. S. Sennett	Queensville, Ontario	103
Charles Davey	Boggy Creek, Manitoba	105
Richard May	Cremona, Alberta	183
		838

The particulars as to the cause of death and the reason that the animal was destroyed are given here as, carcass condemned for t.b. or t.b. reactor, died.

Mr. McCullough (Moose Mountain): I should like to ask the minister now whether there are any hogs included in those figures, and if so what was the reason for slaughtering in that case?

Mr. Abbott: All cattle, Mr. Chairman, no hogs.

Item agreed to.

548. To provide for grants to fairs and exhibitions in accordance with the regulations established by order in council of December 22, 1952, P.C. 4602; for payments on account of agreements in force on December 22, 1952, with exhibition associations covering the construction of buildings and other major undertakings—further amount required and to authorize grants to the exhibitions as detailed in the estimates, $108,000.

Mr. Tustin: In this item, which is grants to fairs, in the details on page 14 I find that the Prince Edward county agricultural society at Picton, Ontario, received $900. Immediately under that is shown the Ridgetown district agricultural fair, $2,500. I should like to ask the minister, Mr. Chairman, if these fairs are both B fairs, and if so why there is a difference in the grants. If that is not the case, has Picton been paid a portion of the grant that is being made to it?

Mr. Abbott: I do not know that I can explain the difference.

These grants, as my hon. friend knows, are made under regulations established by P.C. 4602 dated December 22, 1952, and commencing with the fiscal year 1954-55, Prince Edward county agricultural society, Picton, Ontario, and the Ridgetown district agricultural society, Ridgetown, are eligible for grants under those regulations. In view of the commitments made to both these fairs it is desirable to provide a grant not exceeding $900 for Prince Edward county agricultural society and not exceeding $2,500 for the Ridgetown district agricultural society in the fiscal year 1953-54. Authority is requested for payment of these grants for that reason. It is assumed from that explanation that there are already outstanding commitments in the case of both these fairs.

Mr. Charlton: With respect to item 548, would the minister give just a brief explanation of the $108,000 set aside for grants to fairs and exhibitions. Are there any large amounts?

Mr. Abbott: Yes, I shall do that. Subsequent to the preparation of the estimates for the current fiscal year the policy regarding building grants was revised. Under the authority of P.C. 4602, of December 22, 1952, to which I referred a moment ago, the maximum building grant payable to exhibition associations was set at $20,000, payable according to the progress of the work instead of $100,000 payable at the rate of $10,000 per annum as provided for in the previous three-way agreement. As a result of this change in policy and of the receipt of applications not previously anticipated, the allotment for building grants has been depleted. Then, there are some details given as to how it will be provided. I have not here the specific details of the various fairs to which the whole sum of $108,000, will be apportioned. But it is the standard policy, as my hon. friend knows.

Mr. McCullough (Moose Mountain): If I understood correctly, the minister referred to a change in policy. I do not think hon. members would understand that change. Do I take it that there will be an increase in expenditures by way of assistance to class "A" and "B" fairs, or is it merely for the construction of buildings connected with the putting on of such fairs?

Mr. Abbott: The change in policy, as I said, was in the changing of the limit. There was a time when we were restricting construction expenditures because of the situation in connection with building activities subsequent to Korea. As I said a moment ago, the limit for construction grants was fixed at $20,000 instead of $100,000.

Item agreed to.

550. Agricultural lime assistance—further amount required, $85,000.

Mr. McCullough (Moose Mountain): May we have the details concerning item 550, for $85,000?

Mr. Abbott: That is the standard subsidy which has been payable for years with respect

to lime assistance, and it is available to all farmers who use it. It has been explained in the discussion on the main estimates every year. However, if my hon. friend wishes to have the full explanation, I am prepared to give it to him.

Lime is fundamental in maintaining the fertility of a large portion of farm land in Canada where the soil tends to become acid. Most of the soil in Newfoundland, the maritime provinces, Quebec, some districts of Ontario and the coastal region of British Columbia is of this type. Without adequate and continuous liming the productivity of such soil is relatively poor and farming becomes unprofitable. The provinces participating in the policy include Newfoundland, Prince Edward Island, Nova Scotia, New Brunswick, Quebec, Ontario and British Columbia. These provinces are subsidized to the extent of sixty per cent of the total amount expended by the provinces for any direct activity in increasing lime utilization for soil amendment purposes, subject to a maximum of $1.50 per ton on lime distributed in the province. This year the maximum subsidy increased from $1.25 to $1.50 per ton. This, with increased freight rates and the increased use of agricultural lime in Prince Edward Island, Quebec and Ontario, renders the $500,000 voted by parliament for the fiscal year 1953-54 insufficient to cover the federal government's share under its arrangement with the provinces.

Of the $85,000 requested in this supplementary vote the provinces would be paid approximately as follows:

Newfoundland	
Prince Edward Island	$12,000
Nova Scotia	13,000
New Brunswick	13,000
Quebec	26,000
Ontario	14,000
British Columbia	7,000

I do not have the figure for Newfoundland.

Mr. McCullough (Moose Mountain): I understand that the total vote for the current year will be half a million dollars?

Mr. Abbott: It is $585,000 altogether. This is supplementary to the original vote of half a million dollars.

Mr. McCullough (Moose Mountain): Has the government given consideration to extending the policy of assistance in regard to fertilizers? I might bring to his attention the fact that fertilizer prices have been increased in Canada to a point where, today, in western Canada, in the three prairie provinces ammonium phosphate fertilizer sells at $120 a ton. There is a real need either to have the government look into the fertilizer industry, with a view to bringing fertilizer costs down, so that we can have more use of them, so that the fertility of our soil will be retained, or the government should investigate the whole matter and undertake either to bring the price of fertilizers in line with farmers' costs of production, or extend the policy of subsidization.

I would bring to the minister's attention that this would not be the first time that governments have undertaken subsidization of fertilizers for the agricultural industry. In Great Britain they do it. And in many other countries. I suggest this is a matter which should be given attention by the government.

Mr. Abbott: I will see that it is brought to the minister's attention.

Item agreed to.

551. Prairie Farm Rehabilitation Act and water storage—further amount required, $139,600.

Mr. Castleden: Could the minister give the names of the smaller projects included in the amount of $81,000, as set out at page 15?

Mr. Abbott: There is the Hogue dam, $31,000; Neepawa dam, $25,000; and Pheasant creek, $25,000.

Item agreed to.

552. Major irrigation and reclamation projects in the prairie provinces—further amount required, $230,207.

Mr. Quelch: What projects was this money paid out for?

Mr. Abbott: This is supplementary to the big vote, and was paid out in connection with the Bow River project.

Mr. Knowles: How could it be paid out before it is voted?

Mr. Abbott: It may have been paid out, because in some cases we can provide for these items by a transfer of allotment. However, it can always be done by a supplementary vote. I think however that this has not been paid. It was a slip of the tongue on my part.

Mr. McCullough (Moose Mountain): I would like to ask if any of this vote is for the Moosomin project?

Mr. Abbott: No, it is all for the Bow River project.

Item agreed to.

553. Estimated amount required to recoup the agricultural prices support account to cover the net operating loss of the agricultural prices support board during the fiscal year 1953-54, including authority to credit to the account the net revenue received into the agricultural products board account from the sale of New Zealand meat received in exchange for beef shipped to the United Kingdom, $37,758,894.

Mr. Fulton: Has the minister figures to show how much was recovered from the sale of New Zealand meat?

Mr. Abbott: The amount recouped on the bone in carcass New Zealand meat was $24,149,844.07. That was recouped up to March 31, 1953.

Mr. Fulton: Does that mean then that in effect the amount required to recoup the agricultural prices support account, to cover the net operating loss of the board, was $37 million plus $24 million, the $37 million figure being the net figure?

Mr. Abbott: There were different kinds of beef. The total quantity of the bone in carcass New Zealand beef was 70,252,935 pounds, and the estimated total loss to March 31, 1954, on that transaction, was $27,734,-579.52, and the total estimated loss to March 31, 1954, related to foot-and-mouth disease was $69,187,628.78.

Mr. Fulton: What I was trying to get at was this. The $37 million appears to have been arrived at by crediting the account with $24 million recovered from the sale of New Zealand beef.

Mr. Abbott: And other recoveries.

Mr. Fulton: And other recoveries?

Mr. Abbott: Right.

Mr. Argue: Has the board any meat on hand as a result of this transaction regarding foot-and-mouth disease, or does this clean up the total loss?

Mr. Abbott: This is the total loss. I still have to verify that, but the intention was to clean up the total loss this year. I make the reservation that there might be some minor items, but they would not be substantial.

Mr. Argue: The board has not any substantial quantity of meat on hand?

Mr. Abbott: No.

Mr. Bryson: Can the minister tell us how much money was paid out to compensate cold storage concerns for services rendered in connection with the amount paid under the prices support act?

Mr. Abbott: I am afraid I have no information as to that.

Mr. Bryson: I presume that this $37 million and some odd is over and above $200 million set out in the original fund.

Mr. Abbott: The $37 million recoup restores the original fund of $200 million as at March 31, including value of inventories on hand. As I pointed out a moment ago, the total loss on hogs and cattle related to the foot-and-mouth disease outbreak was just over $69 million. Last year we voted a substantial sum—I have not the figure before me—and this year we are voting this additional $37 million.

Item agreed to.

DEPARTMENT OF CITIZENSHIP AND IMMIGRATION

National Gallery of Canada—

555. Payment to the national gallery purchase account for the purpose of acquiring works of art, in conformity with section 8 of the National Gallery Act—further amount required, $360,000.

Mr. Nesbitt: I should like to ask the minister a question on this item. It amounts to $360,000 for the purchase of works of art. Can the minister tell us what works of art were purchased—I presume they are paintings—and what schools and who were the masters concerned?

Mr. Abbott: If we have to get into the schools I shall have to get someone who is a little more expert than I am in this field, Mr. Chairman. I can tell my hon. friend in general terms what works of art were purchased, but if he is not satisfied with the information I shall be able to give him we shall have to let the answers stand and my colleague, the Minister of Citizenship and Immigration, will be able to answer him, since he is a devotee of and an expert in that field. I am sure his answer will be much more satisfactory than mine.

Mr. Knowles: Were these the paintings which appeared in the Montreal *Gazette* this morning?

Mr. Abbott: I do not read that section of the *Gazette*.

Mr. Knowles: They were on the editorial page.

Mr. Abbott: My colleague can answer the question.

Mr. Harris: The purchases are from different artists, all from one collection, however, and represent different schools of painting. I know some publicity has been given to these particular purchases, with opinions expressed in favour of them by persons with some art training, and criticism of them apparently by a well-known columnist.

Mr. Macdonnell: Was the last one without training? The minister said the previous one had art training, but he did not say anything about the other one.

Mr. Harris: I did not suggest that he did not have any. There have been remarks upon it in a distinguished newspaper known as the *Times* of London, and there are comments on this purchase. I only have this to say,

Mr. Chairman, that it is a continuation of the policy we announced last year at this time of purchasing from this particular collection representative paintings of various schools in order to have them in the gallery so that eventually—I do not say how long this may take—we shall have a sufficiently wide selection that one as a student of art could obtain an appreciation of art as it was practised in Europe at various times during three or four hundred years.

Mr. Nesbitt: Would the minister agree to give us the names of the artists and the titles of the paintings concerned?

Mr. Harris: Yes. Well, the paintings are: by Quentin Metsys, The Crucifixion; by Mr. Beham, Portrait of a Prince of Bavaria; by Guardi, Santa Maria Della Salute and the Grand Canal Venice; by Nicolas Maes, Lacemaker; by Memling, Madonna and Child with Saint Anthony of Padua.

Mr. Nesbitt: Can the minister tell us how much was paid for each of these paintings?

Mr. Harris: It was a group purchase of the lot at the figure mentioned in the supplementary.

Mr. Nesbitt: Were these paintings purchased as representative of schools of painting that are not represented in the national gallery at the present time?

Mr. Harris: In two cases they are of schools that are not represented at all; and in the others, they are additions to the collection we now have.

Mr. Nesbitt: Perhaps the minister can tell us which two paintings are indicative of schools that are not represented at the present time? Are they Italian or Flemish schools of art?

Mr. Harris: I am told that the Flemish school has not been represented until the present time, and we are getting the Nicolas Maes "Lacemaker". I am also told that the Guardi one is the first of the so-called impressionist group in Italy.

Mr. McCullough (Moose Mountain): I was on my feet before you called the present item, Mr. Chairman. I should like your indulgence and the indulgence of hon. members to refer back to item 554. I am sure we are quite happy to have the Minister of Citizenship and Immigration with us. I know that none of us wants to prolong his statements on some of these matters. However, I should like to bring to the attention of the minister's department—

The Chairman: Has the hon. member consent to revert to item 554?

Mr. Abbott: As long as it does not become a habit with him, Mr. Chairman.

Indian affairs branch—
Education—

554. Administration, operation and maintenance —further amount required, $120,000.

Mr. McCullough (Moose Mountain): I shall be fairly brief. I want to bring to the minister's attention the fact that in regard to the Indian reserve in my own constituency at White Bear reserve, we have a rather serious situation with respect to the Indian population. I have already taken the matter up with officials of his department, and I suggest that something be done about giving hospital and medical care to these people. The population there is rising to well over 500 and there definitely is not proper hospital or medical care for these people. I would suggest to him that he give the matter consideration, and when we come to the main estimates I hope that he will be able to give me a satisfactory answer that something definitely is to be done for the Indians on that reserve.

Mr. Harris: I shall be glad to draw the hon. member's request to the attention of the Minister of National Health and Welfare, who is in charge of that particular branch of Indian administration.

National Gallery of Canada—

555. Payment to the national gallery purchase account for the purpose of acquiring works of art, in conformity with section 8 of the National Gallery Act—further amount required, $360,000.

Mr. Nesbitt: Mr. Chairman, on this item there is one further question I would like to ask the minister. As I understood the minister's remarks a few moments ago some of these paintings purchased under this item of $360,000 were representative of the Flemish school which had not previously been represented in the national gallery. A short time ago I made some inquiries at the national gallery and I have a list of the paintings purchased prior to the purchase of paintings of the Flemish school. Painting No. 3695 is "Judith with the Head of Holofernes" and there is another painting by Frans Floris, another by Jan Davids de Heem, and yet another. Certainly there are more than 20 other paintings belonging to the Flemish school and I wonder whether the minister was in error in remarks relating to them.

Mr. Harris: No, Mr. Chairman. The hon. member will understand that the Flemish school in the artistic sense extended over a lengthy period of time. There were quite a number of variations during that period and this particular painting relates to a period which had not been represented.

Mr. Nesbitt: That explains the matter, Mr. Chairman. What period does that painting relate to?

Mr. Harris: My information is that it relates to the late 1600's.

Mr. Thatcher: Perhaps it is because I am a socialist and have a socialist background and may not have a true understanding of the arts, but it appears to me that $360,000 is an awful lot of money for four paintings. I do not believe the people in my riding would be very enthusiastic about expenditures of that kind.

Mr. Abbott: A man cannot live by hardware alone.

Mr. Thatcher: The minister may be right, but if I thought my colleagues would support me I would move that this vote be reduced to one dollar. However, I have not consulted them and I will not follow that course on this occasion but I hope the minister will not purchase too many $90,000 paintings in future.

Item agreed to.

DEPARTMENT OF EXTERNAL AFFAIRS

Department and missions abroad—

556. To provide for official hospitality—further amount required, $4,000.

Mr. Knowles: Will the minister tell us what this $4,000 was required for? Perhaps I should say what will it be required for?

Mr. Abbott: This is an item in the estimates for external affairs which covers hospitality. In the course of this year that vote was overrun and we had to provide for an additional amount out of unforeseen expenditures to provide for official hospitality up to the end of March 1954. Total expenditure for official hospitality up to January 31, 1954, including the visit of President Eisenhower to Canada, amounted to $20,690 and the supplementary estimate is in order to reimburse the Department of Finance for the cash we had to take out of the miscellaneous minor unforeseen expenditure fund in order to meet these expenses. It is difficult to estimate with strict accuracy what may be expended for this purpose during the year. It is a relatively modest amount, I believe, considering the number of distinguished visitors we have in Ottawa these days. This amount of $4,000 is additional to the $20,000 considered in the main estimates.

Mr. Regier: Am I correct in understanding that all we spent on extending hospitality on behalf of the Department of External Affairs during the course of the year amounted to about $20,000?

[Mr. Harris.]

Mr. Abbott: That is correct.

Mr. Regier: We spent $360,000 on four paintings and only $20,000 in acts of hospitality.

Item agreed to.

General—terminable services—

557. Contribution to the United Nations relief and works agency for Palestine refugees in the Near East, $500,000.

Mr. Knowles: Mr. Chairman, on this item I should like to ask whether this expenditure is made under United Nations direction?

Mr. Abbott: While the United Nations relief and works agency for Palestine refugees has funds on hand earmarked for its resettlement program it has no reserve for its program of relief for the 850,000-odd refugees that it cares for. The negotiating committee for extra budgetary funds has, therefore, been requested by the general assembly to seek the additional funds required from various governments and has called upon Canada to indicate the extent of its financial support for the agency's activities for the year 1953-54. Cabinet has now agreed that due to the present state of tension in the eastern Mediterranean area as well as for strategic, political and humanitarian reasons, Canada should make a contribution of $500,000 to the agency's 1953-54 relief program. The committee made the same contribution last year and it was estimated we would be making one this year but the amount had not been settled until, as I have indicated, this appeal was made.

Mr. McIvor: Mr. Chairman, I would like to ask the minister if this item of $500,000 is related only to the Colombo plan or if it is extra. If there are extra amounts involved I think that should be known.

Mr. Abbott: Mr. Chairman, this amount has no connection with the Colombo plan; it is extra.

Mr. McIvor: I think that is most commendable, Mr. Chairman.

Mr. McCullough (Moose Mountain): Mr. Chairman, in respect to the agencies carrying out the distribution of this assistance, I would like to know whether they are actually United Nations organizations, or whether they are private or civilian welfare agencies.

Mr. Pearson: Mr. Chairman, possibly I can answer that. The agency is connected with the United Nations.

Mr. McCullough (Moose Mountain): One further question, Mr. Chairman, in connection with the other three votes. The first is

assistance for reconstruction and rehabilitation in Greece. The next is to provide famine relief for Pakistan and the third is to provide flood relief for Japan. In all three instances which agencies will undertake the distribution of this assistance?

Mr. Abbott: In the case of Greece the supplies are made available to the Greek government. In connection with Pakistan the supplies also were made available through the government of Pakistan. As regards flood relief for Japan I am not too sure about that but I believe that would be arranged through the Japanese government or the Red Cross, but I am not positive.

Mr. McCullough (Moose Mountain): I wonder if the minister could tell the committee whether or not the government is fairly certain that these supplies reach the people to whom we want to give assistance and that there is no black market in regard to the distribution of these goods?

Mr. Abbott: Our representatives in the countries concerned do their best to see that these goods involved in humanitarian enterprises in the case of Greece and Pakistan are distributed through the governments of these countries. I believe we must take it for granted that the relief is properly handled.

Mr. Noseworthy: Does this $5 million cover the cost of the first shipment to Pakistan, or does it cover the total amount of the shipments made to date?

Mr. Abbott: That represents the total cost of wheat shipped to Pakistan.

Mr. Stick: Is that $5 million to Pakistan part of the Colombo plan?

Mr. Abbott: No. The wheat was originally made available out of the Colombo plan vote and this vote is to reimburse the Colombo plan vote.

Mr. Argue: How many bushels of wheat does that cover and what was the price?

Mr. Abbott: I am afraid I have not that information here.

Mr. Argue: Can the minister of external affairs say whether the discussions which led to the granting of this gift were between Canada and the United States, or confined to Canada and Pakistan?

Mr. Pearson: Discussion was between the Pakistan and the Canadian governments on this particular matter; but we did, of course, know that similar discussions were going on between Pakistan and the United States for help in this same emergency.

Mr. Harkness: From what the minister has said, I understand that this wheat has already been shipped. Will he tell us when that wheat was shipped or, in other words, out of what group of statistics we now have as to available stocks, disappearance and so forth, did this $5 million come?

Mr. Abbott: It was in the spring of 1953. I have not the exact date.

Mr. Harkness: It is nearly a year ago now?

Mr. Abbott: That is correct.

The Chairman: Shall items 557 to 560 inclusive carry?

Mr. Knowles: No, Mr. Chairman. Have you called them as a group?

The Chairman: They have been discussed as a group.

Mr. Knowles: I was waiting until item 559 was reached, but since you are calling them as a group, I can make my comment now.

Terminable services—

559. To provide for a gift of wheat as a contribution to famine relief for Pakistan, $5,000,000.

Mr. Knowles: From what has been said already when we were discussing the previous items, I think it is clear that the committee is pleased to have the opportunity to vote this sum of money. We are pleased to know that it is an addition to what we are doing by way of aid to that part of the world under the Colombo plan and under United Nations technical assistance programs. This gives me the opportunity—if I might take half a minute to do so and since Pakistan is part of Asia—to commend the Secretary of State for External Affairs for the speech he is reported to have made over the week end urging the importance of our learning to live with and to get along with the peoples of Asia. As I listened to the report of the speech he made I felt it was one that he might well make at the next meeting of the cabinet.

Mr. Bryson: As a matter of information, may I ask the minister what agency is responsible for this barley-for-Korea drive that is going on in the city of Ottawa among the school children?

Mr. Abbott: What was my hon. friend's question again?

Mr. Bryson: What agency is carrying out and is responsible for the details involved in this barley-for-Korea drive to which the school children are being asked to subscribe 20 cents?

Mr. Abbott: I am afraid I do not know. I will make some inquiries and see whether I can find out. It does not come under this item in any event.

Items agreed to.

560. To provide for a gift of food as a contribution to flood relief for Japan, $50,000.

Mr. Macdonnell: Is that the total amount of our gift or is that supplemental to a larger one?

Mr. Abbott: No. That is the total amount.

Mr. Macdonnell: It does not seem to be a very magnificent gift. What was the total amount?

Mr. Abbott: I do not know that either. This was the recommendation. This was a voluntary fund. It was not a government fund.

Item agreed to.

DEPARTMENT OF FINANCE

General administration—

561. Departmental administration—further amount required, $5,800.

Mr. Noseworthy: I take it that this is a fairly general item, the administration of the Department of Finance, and I hope the matter I want to bring to the minister's attention is in order. First of all, I want to point out that the Department of Finance, through the Bank of Canada, is interested in our banking system and, through the Emergency Gold Mining Assistance Act, is interested in gold mining. The matter I want to call to his attention is a report in this morning's *Globe and Mail* to the effect that when the strike at the Hollinger mine was settled there was an agreement to compromise on the question of the check-off to the extent that there was to be what was known as a bank check-off. Hollinger was to send cheques to the bank. The bank was to agree that any employee who so desired might have his union dues deducted and paid directly to the union by the bank. In this morning's *Globe and Mail* there is a report to the effect that while that practice was in effect before the strike, it has been discontinued since the strike ended and that none of the eight district banks have so far been induced to participate in that compromise agreement. I wonder whether the minister wants to comment on that matter, seeing it affects his department?

Mr. Abbott: I have not any information about it, but it has nothing to do with the administration of the Department of Finance. It is purely a matter of internal management of the banks, as far as I can see.

Item agreed to.

562. Comptroller of the treasury—central office and branch offices administration—further amount required, $220,000.

Mr. Macdonnell: One can quite understand that, in item 561, there might be a small amount like $5,800 required for further administration expenses, but I find it a little bit difficult to understand why the comptroller of the treasury should find that he needs a further $220,000.

Mr. Abbott: I can relieve my hon. friend's mind at once. It is entirely owing to raises in salaries, revision of salaries; and it covers only part of it. That is the complete answer. There was a little bit left in the vote, but the revision of the salaries requires this whole $220,000 and more besides.

Mr. Macdonnell: The only thing I can suggest is that if that fact had been stated, the minister would have been saved my question.

Mr. Abbott: Perhaps I might help a bit here. A good many of these items scattered through the estimates are due almost entirely to the upward revision in the salary rates.

Item agreed to.

Administration of various acts and costs of special functions—

563. Superannuation and retirement acts, administration—further amount required, $132,404.

Mr. Green: I should like to ask the minister what decision was reached with regard to the civil servants who had been in the old department of soldiers' civil re-establishment. As the minister will recall, there was quite a lengthy discussion last session, some of us contending that these particular officials were not receiving adequate consideration with regard to their superannuation. The minister promised to have each individual case looked into. I now find that in at least two of the cases I raised from Vancouver there have been adverse decisions, although the persons had been in the service for over thirty years. Will the minister tell us on what basis the department is acting in connection with these cases?

Mr. Abbott: From memory I am not able to do so today. As I promised when this main item was under discussion last year, the superannuation branch has made an investigation of each individual case of these employees who are affected and has made a report to me. As a result of that investigation the conclusion was reached that the contention of the vast majority of these employees that they were entitled to the five-year average and not the ten-year average—which is what it boils down to—for superannuation purposes, was not justified and could not be granted.

I have prepared a memorandum, which I have sent to a number of members who are interested in the question, outlining the particulars of the investigation which was made. I will come prepared to discuss it fully and

in detail when the main item comes up in my estimates or if the question of superannuation is before the house at some other time. But I may say quite frankly that I had not come prepared today to go into that detail. Broadly speaking, I can give my hon. friend the general statement that only in a few cases was the conclusion reached that these employees were entitled to the five-year basis as against the ten-year basis.

Mr. Brooks: There is no intention then to make any amendments to the act?

Mr. Abbott: To cover them—no. The conclusion I reached, after studying the report I was given, was that they were in no different position from that of a great many other civil servants who are still subject to the ten-year average.

Mr. Macdonnell: I have a copy of the minister's letter and I am glad it can be discussed again because it does seem to me that these men are being made the victims of what I think is a more technical view than I would usually expect the minister to take. I take it we can discuss the matter later.

Mr. Abbott: I would be happy to do that. This has come up before. It came up ten or fifteen years ago. A ruling was made then and it has been adhered to ever since. I agree with my friend that it is a complicated situation, and in some cases there may be some apparent inequities. I shall be glad to discuss it when I am a little better supplied with my basic material than I am at the moment.

Mr. Knowles: I hope that the minister will also be supplied with basic material and a little more kindness of heart toward the question of the retired civil servants who are on low pensions when we reach the corresponding item again later in the session. I will not take the time of the committee now because we had a discussion of this matter on March 2. However, I do want to tell the minister that his statement on that day, which was interpreted by some as an attempt on the minister's part to close the door on this question, has certainly not satisfied those who are interested. When I refer to those who are interested I have in mind not only the superannuated civil servants themselves, particularly those in the lower brackets, but a great many others who are interested in them and feel that their case has not yet been accorded the justice it deserves. I appreciate the fact that the minister probably has not had a change of heart in the short time since the 2nd of March, but I hope that before the end of this session he will have that change of heart and will take a different attitude towards this problem.

Mr. Macdonnell: When the warm weather comes.

Mr. Knowles: It is a serious problem affecting a great many, and it seems to me that the good name of the government is at stake in its attitude towards its former employees. I hope the minister will be prepared to discuss this matter in a different vein the next time it is raised in the house.

Item agreed to.

564. To authorize and provide for adjustment payments in respect of subsidies previously paid and administrative expenses incurred by: (a) Commodity Prices Stabilization Corporation Ltd., and (b) the Minister of Finance on behalf of Her Majesty, pursuant to the agreement entered into between the said corporation and Her Majesty on the 25th day of June, 1953, under the authority of order in council P.C. 1953-868 dated the 1st day of June, 1953, $310,000.

Mr. Macdonnell: Will the minister give a word of explanation about item 564? What I should like to have is a word about the history of the corporation since the war. The last report of the corporation I have been able to get is that of 1946.

Mr. Abbott: The Commodity Prices Stabilization Corporation, as my hon. friend will recall, was one of the agencies set up by the government in connection with the price control program to administer subsidies and the like. Since the end of the war it has been on a liquidating basis. It has simply been kept in existence in order to pay off outstanding claims. In June of last year an order in council was passed stating that the C.P.S.C. had fulfilled its purpose and it was directed to surrender its charter. All assets were to be transferred to Her Majesty and provision was made for the discharge of outstanding liabilities. The Minister of Finance was authorized accordingly to execute an agreement with the company which provided —I will not go into all the details—for the payment over of moneys to the crown and the crown was to dispose of these moneys first by paying all outstanding liabilities, second, by paying any claim that might be made by Joy Oil Limited, which was the largest claim outstanding and which was under litigation, and third, by paying the government the balance of advances to the company.

Mr. Macdonnell: Is it practically cleaned up?

Mr. Abbott: It is practically cleaned up. I think this will perhaps be as close to the final clean-up as possible. The Joy Oil claim has now been settled. There are sundry

administrative expenses which have been incurred by the crown and the vote of $310,000 is required for the administrative expenses together with the Joy Oil settlement and to allow for any further minor payments that may come up during the current fiscal year, the year which will end in the next day or two.

To give an indication of the way the assets of the former corporation stand, of accounts receivable of $72,207.70, $4,027.78 has been collected, leaving uncollected accounts at $68,179.92. As the committee will appreciate, these accounts have been outstanding for a very considerable time, and I would not place a very high value on them.

Item agreed to.

565. Grants to municipalities in lieu of taxes on federal property—To provide for payments to municipalities in accordance with the Municipal Grants Act, and the rural municipal grants regulations established by order in council of August 6, 1952, P.C. 3729; and to provide for payments to municipalities under order in council of July 19, 1950, P.C. 3456, in respect of the cost of medical and hospital services and supplies furnished to federal employees and other persons specified therein—further amount required including authority to regard the admiralty properties in the city of St. John's, Newfoundland, as federal property notwithstanding that formal transfer of administration has not been completed, $343,783.

Mr. Ellis: Would the minister outline the formula by which grants are made to municipalities under the Municipal Grants Act?

Mr. Abbott: I could do that, but I wonder if my hon. friend would be content to allow his question to stand. On the order paper I have a resolution preceding the introduction of a bill to amend the Municipal Grants Act which I hope we will be dealing with next week. I am going to make a rather full statement at that time both with respect to present policy and the contemplated changes. If it meets my hon. friend's convenience, I would prefer to do it then, but if he wants a brief explanation now I would be happy to give it to him.

Mr. Ellis: I think that will be satisfactory. I merely wanted the explanation before we came to the main estimates.

Mr. Abbott: I hope, if the house leader so arranges it, to reach the amendments to the Municipal Grants Act next week some time, and at that time I hope we may have a full discussion of the whole problem.

Mr. Ellis: That will be quite satisfactory.

Mr. Abbott: I should add that this vote is simply to implement existing policy.

Mr. Stick: There is a reference to "further amount required including authority to regard the admiralty properties in the city of St. John's, Newfoundland, as federal property". What was the total amount paid for the admiralty properties?

Mr. Abbott: I will see if I have that here.

Mr. Stick: Will this finish the payments to Great Britain on that account?

Mr. Abbott: I am afraid I do not have that breakdown here but I will have it when we debate the main item. Total payments in St. John's, Newfoundland, in 1953-54 are $15,741, but I do not have the detail here as to how that is broken down.

Mr. Stick: You can give it to me some other time.

Mr. Abbott: I will do it when we are on the Municipal Grants Act.

Mr. Macdonnell: I want to read the last part of this item. It reads:

. . . further amount required including authority to regard the admiralty properties in the city of St. John's, Newfoundland, as federal property notwithstanding that formal transfer of administration has not been completed.

I am a little confused about that. I know that occasionally in this committee we have what is called legislation by item, but up to the present time I have understood that if there was doubt finally whether there was any authority for the item, which has happened on one or two occasions, once it was voted here that settled the matter anyhow. But does this mean that we are conveying title to property by item?

Mr. Abbott: No, that is under discussion. That admiralty property is property in St. John's, Newfoundland, which belongs to the British admiralty, as I remember it, and has for a great many years. We are occupying it and I dare say may be renting some of it. The purpose of this item is to make it clear that we can base our tax grant to the city of St. John's on that property as well as property to which we already have title. So far as that property is concerned, discussions for the transfer of title to the crown in the right of Canada are still proceeding, but we are using it.

Mr. Macdonnell: But it is your full intention to acquire it?

Mr. Abbott: Oh, it is understood we are going to acquire it. It is just that the legal details have not been worked out yet.

Mr. White (Middlesex East): As this is a supplementary item, what was the total amount?

Mr. Abbott: The total amount this year, including this item, will be $3,045,083.

Mr. White (Middlesex East): Was there any payment to the city of London or the township of Westminster?

Mr. Abbott: I find London, section 6 grants, $7,726. I do not see the other, but I will check on that when we have the main bill before the committee. The grant to the city of London to which I referred was a section 6 grant, one of the transitional grants.

Mr. McCullough (Moose Mountain): I notice that this vote in the supplementary estimates is for $343,000, and that under the vote in the main estimates this item amounted to $3,190,000, or an increase of $488,700 without the additional vote which we are now discussing. I notice, sir, that this vote is for grants to municipalities in lieu of taxes on federal property and to provide for payments to municipalities in accordance with the Municipal Grants Act and the rural municipal grants regulations. I should like to ask the minister whether or not this formula for grants was determined in consultation with municipal bodies or whether it was established at the discretion of the federal cabinet? Will the minister, in answering that question, also state whether or not the government intends increasing the grants or holding further consultations with municipalities. I know that municipal financing is in dire straits today, and all our municipal bodies are insisting that they have to have additional revenue in order to carry on municipal responsibilities.

Mr. Abbott: I know that the hon. member has a very valuable contribution to make on this subject, but as I indicated a moment ago in reply to the hon. member for Regina City I shall shortly be introducing a bill to revise the Municipal Grants Act and make it somewhat more favourable. At that time, I hope we shall have a complete discussion on these grants by the federal government to municipalities. At that time I shall come armed with all the ammunition I can get together to answer these questions.

The present vote is merely to supplement the moneys already voted in order to carry out existing policy which is set forth in two places in the Municipal Grants Act, and in the item in last year's estimates permitting grants to rural municipalities. The grants to rural municipalities are, as all these grants are, on an *ex gratia* basis to compensate for the loss to the municipality because of the fact that military establishments, which are completely self-supporting and require no municipal services, are located there. They may use the roads or something of that sort. I shall have complete information on that type of grant, as well as the other, when I discuss the proposed bill because I am incorporating that provision in the bill.

Mr. McCullough (Moose Mountain): I should like to ask the minister if representations have been made by rural municipalities or other bodies for further federal assistance?

Mr. Abbott: I do not believe they have. The municipalities are the creatures of and dependent upon and derive their powers from the provinces. Any representations they have to make should be made to their respective provinces, and then if the province wishes to make submissions to the federal government, that is the proper way to do it. Speaking generally, I think it is not appropriate for the federal government to enter into financial negotiations with municipalities over which they have no control and over which they have no legislative jurisdiction.

Mr. McCullough (Moose Mountain): Have the provinces on behalf of the municipalities under their respective jurisdictions asked for federal assistance under the Municipal Grants Act?

Mr. Abbott: Not so far as I am aware, Mr. Chairman.

Mr. Knowles: May I ask the minister one other question? When this matter is under further discussion and the minister, as he says, is more fully armed to discuss it, will that discussion include the question as to which assessment the government accepts? I believe at the present time the federal authority does not accept—

Mr. Abbott: Does not, and in future it will not accept. One of the fundamental principles of this is, and always has been, that the federal government, since the grants are *ex gratia* payments, cannot and does not intend to submit to having an assessment made locally. In point of fact, what has been done is that the valuations have been determined after discussion and consultation with the local authorities. Under the amended act, as under the present act, assessments will continue to be made by the federal government.

Mr. Knowles: I take it from what the minister just said we will be in a position to discuss this matter when the bill comes before us, but that the decision has already been made.

Mr. Abbott: The government is under obligation to make that decision, of course, because it is introducing the bill.

Mr. McCullough (Moose Mountain): Is there any proposed meeting between the federal and provincial authorities in the near future at which this might be discussed?

Mr. Abbott: Where?

Mr. McCullough (Moose Mountain): A meeting between the provincial authorities and the federal authorities, at which municipal finance may come up?

Mr. Abbott: Well, the federal government is willing to listen to representations made by any provincial government. The door is always open. As a matter of fact, they are doing it most of the time, during my eight or nine years of experience on this job. The provincial governments, or most of them, are never reluctant to come forward and ask the federal government for money.

Mr. Adamson: Might I ask the minister if this includes any payment to the township of Toronto in lieu of the A. V. Roe Company?

Mr. Abbott: I could not answer that question offhand. I would appreciate it if we could defer detailed discussion of this question of municipal grants until next week, when I hope to have the new act under discussion. As the member for Winnipeg North Centre has said, I shall come better armed to discuss this question.

Mr. Adamson: That suits me. I have just come back from Toronto where the question of the taxation of the A. V. Roe Company is a very lively one.

Item agreed to.

566. To authorize the write-off to the consolidated deficit account of costs incurred in 1951 in engraving blank bonds in anticipation of a loan which did not materialize, $11,200.

Mr. Macdonnell: Will the minister say a word about what is the make-up of the consolidated deficit fund? Will he tell us why this matter is coming up so late—years after 1951, and just how much there is, and if there are any other skeletons in the cupboard?

Mr. Abbott: I cannot give any blanket assurance that there are not other items or other matters in the cupboard or elsewhere that may have to be the subject of a vote such as this one. This is a write-off to the consolidated deficit account that will be incurred upon the destruction of blank bonds, and is necessary in order to delete the costs from the books and in order that the balance in the blank bonds reserve account will reflect the true asset value of the account. It is essential to have an item such as this, as my hon. friend will appreciate. These bonds were printed and charged to this account, this blank bonds reserve account. Now, it is found they are not needed or they are no longer needed, so we are asking for authority to write them off.

Mr. Macdonnell: I do not want to ask for information which is available already, but was the abandonment of this loan advised at the time or is it a matter we might be informed about now?

Mr. Abbott: This amount of $11,200 represents the engraving cost of seventy thousand $1,000 coupon bond tints furnished by the Canadian Bank Note Company in 1951. There are fifty coupons attached and the bonds would be available only for replacement bonds of the long-term twenty-five year issue of January 15, 1953. The bonds are of no further use and the Bank of Canada has asked that they be allowed to advise the bank note company to destroy them.

I suppose that one may say, by hindsight, that it was unnecessary to order them.

Mr. Knowles: I believe we had an item similar to this a year or so ago.

Mr. Abbott: They are always coming up.

Mr. Knowles: Does the minister not know in advance how many more he will be bringing in?

Mr. Abbott: I perhaps should, but they are only called to my attention from time to time. They are matters of administration, and when they are brought to my attention and it is suggested the bonds are no longer of any use, then we should have an item authorizing the write-off. That seems to be the appropriate thing to do.

Mr. Noseworthy: Does this mean that the government spent $11,200 in engraving bonds that were never used?

Mr. Abbott: That is just what it is, yes.

Item agreed to.

567. To authorize the write-off from non-active assets to the consolidated deficit account of the net trading loss in the securities investment account incurred prior to April 1, 1952 ($40,072.79), $1.

Mr. Macdonnell: Will the minister say a word about the trading loss in the securities investment account? We are aware that the

Bank of Canada deals in the bond market; but what is the securities investment account?

Mr. Abbott: This is the account in which the government purchases bonds for its own account.

In 1952-53, the amount of trading loss of $40,072.79 in the securities investment account was written down in the finance books to non-active assets and accordingly constituted an expenditure charge in arriving at the budgetary surplus or decrease in net debt for the year. The purpose of this dollar item is merely to provide the necessary authority to write-off this non-active asset to the consolidated deficit account; it will therefore not involve any effect on the budgetary situation for 1953-54, nor on the net debt. Since it has already been written into the net debt and appears on the balance sheet as a non-active asset—this, in short, will permit writing it into the consolidated deficit account section from the capital and other non-active assets section of the net debt.

Mr. Macdonnell: In other words, this is a hazard that you take when you invest your money and get a return on it, rather than let it lie idle?

Mr. Abbott: That is right.

Item agreed to.

568. Government contribution to the superannuation account in respect of additional liability consequent upon the salary increases effective December 1, 1953, $38,000,000.

Mr. Knowles: As I indicated a few minutes ago, it is not my purpose to initiate at this sitting a general discussion as to the position of retired civil servants. I do think however that another word might be said. Personally, I am glad to see the government taking whatever steps are necessary, such as this one, to keep the superannuation account in good shape, so that the good pension plan that civil servants working for the government now have will be retained in a proper position. But I think some day the minister will have to appreciate the position of retired civil servants who, when they learn that $38,000,000 is being found by the treasury for this purpose, will wonder why it is that some corresponding sum of money, or perhaps less than that, could not be found to relieve their situation.

The minister does not seem to feel the force of arguments of this kind; but certainly that is the way these people feel. They have served the federal government in the past and are receiving low pensions. I hope that one of these days, perhaps even before the present Minister of Finance lays down this portfolio, there might be an item in the estimates to cover the plight of these people.

Mr. Abbott: This item is merely to keep the fund solvent, not to add additional liabilities to it.

Mr. Knowles: I realize that. As I said earlier, I am glad to see the government taking whatever steps are necessary to keep the fund solvent so that the position of those who are now working in the civil service and in the public service generally will be protected. But I submit there is still an obligation to these other people, as well. As one of my colleagues suggested, let us keep them solvent too.

Item agreed to.

DEPARTMENT OF FISHERIES

569. Amount required to recoup the fisheries prices support account to cover net operating loss of the fisheries prices support board during the fiscal year 1952-53, $36,526.

Mr. Brooks: Would the minister give a breakdown of this item?

Mr. Abbott: The breakdown is as follows: Newfoundland shore-caught salted codfish support program, 1952-53, deficiency payments to producers, $37,903.52. This item also covers Labrador salted codfish support program, refund from board's agents, adjustment of total payments as of March 31, 1952, $1,658.68, and an additional deficiency payment to the producers of semi-dry cure of $280.29. That is a total of $1,378.39, and that makes a net loss on the 1952-53 operation of $36,525.13.

Mr. Brooks: Do I understand that that all goes to Newfoundland?

Mr. Abbott: And Labrador and, I believe, the north shore of Quebec. That is for salted cod.

Mr. Stick: Is that the final amount on the Labrador cure?

Mr. Abbott: That is the final, I believe so, yes.

Mr. Argue: When the administration is buying and selling the fish for which this subsidy is being paid, has it any control over the fishing operations that have resulted in the subsidy being paid?

Mr. Abbott: Perhaps the Acting Minister of Fisheries could answer that.

Mr. Pickersgill: I am not, strictly speaking, the Acting Minister of Fisheries. However, so far as Newfoundland salt codfish is concerned, at confederation an arrangement was made for five years by which Newfoundland Associated Fish Exporters Limited, under term 22 of the terms of union, was given a

monopoly of the export of salt fish. This company is under the control of the Newfoundland fisheries board, under an act of the commission of government—which I happen to have in my hand, by pure accident, at this very moment. So that there is indirect supervision now by the federal government through the Newfoundland fisheries board over these transactions. But these are deficiency payments direct to the fishermen, after the transactions were completed.

Mr. Brooks: Does it apply only to Newfoundland?

Mr. Pickersgill: No, there are other areas to which floor prices legislation applies.

Mr. Argue: Is there anything to prevent applying this type of legislation to the fishing industry in other provinces, or is there some special reason why it is applied only to Newfoundland?

Mr. Pickersgill: The Fisheries Prices Support Act applies to all the fisheries of all the provinces. But the way it was used in Newfoundland was to make deficiency payments after the transactions for the year had been completed. There has been fisheries prices support given in nearly every province, including that of the hon. member who has asked the question.

Mr. Argue: I should like to have this cleared up. Is it possible legally that the technique used in connection with Newfoundland fish could be used in connection with fish from other provinces?

Mr. Pickersgill: For the sale of them?

Mr. Argue: Yes.

Mr. Pickersgill: That is a hypothetical question. I do not think I can answer it.

Mr. Abbott: I cannot, either.

Mr. Noseworthy: Would the Secretary of State tell us to what extent the fishermen themselves benefit from the federal subsidy, and to what extent the benefits are received by the merchants selling the fish.

Mr. Pickersgill: This relates to something that happened two years ago: it is just to balance up the books. I understand these deficiency payments were made to the fishermen, and to the fishermen only—and made direct to the fishermen.

Mr. Stick: That is correct.

Item agreed to.

[Mr. Pickersgill.]

DEPARTMENT OF JUSTICE

570. Combines Investigation Act—office for investigation and research—further amount required, $65,000.

Mr. McCullough (Moose Mountain): I believe that today we need an extension of the act and the work carried on under its provisions. Today in the cattle trade the prices of hides are going down to ruinous levels, so far as the producers of livestock are concerned. Three or four years ago we were getting $16 to $18 for a cowhide. Today it is hardly worth shipping it out to the tanners. I hold in my hand two articles appearing in—

Mr. Abbott: Mr. Chairman, can we not deal with this when the Minister of Justice is here to speak on the Combines Investigation Act? This is to provide for what the item says, unforeseen expenses not known when the main estimates were put in.

Mr. McCullough (Moose Mountain): I just want to say a word or two.

Mr. Abbott: Surely, it can be related to the item.

Mr. McCullough (Moose Mountain): I want to put an argument before the committee to show that we do need an extension of the work of the combines investigation branch. I have already told the committee that we have a situation in regard to hides that shows that the prices are going down, and yet the public is still forced to pay an extremely high price for leather products. It is up to the government to look into some of these matters and not leave the field wide open so that there may be price fixing for long periods of time before anything is done about it. I refer particularly to the leather trades. Recently articles have appeared in the press —I have an item here about one saddlery firm which shows that the profits this year were 17 per cent over last year—

The Deputy Chairman: Order. I have let the hon. gentleman make his point, but I should remind the committee that we are discussing supplementary estimates, the items for which sufficient funds were not voted at the time that the main estimates for the year now closing went through. As hon. members know, there is not an item that will not be open for discussion when the main estimates go through and when the various ministers with their advisers will be present for questioning by the committee. I am going to ask the hon. member and other members of the committee to confine their questions strictly to the amounts we are now voting and not to amounts which do not appear in the supplementary estimates.

Mr. MacInnis: I do not rise, Mr. Chairman, to maintain that we should have a wider attitude on the discussion. I have not said anything this afternoon and I doubt whether there is anything I want to say. I realize that the main estimates are still before us and that anything we have to say can be better said at that time than now; but I should not like it to be taken that we are restricted. We may be restricted to the item, but this item pretty well covers every other item under the Combines Investigation Act, under that branch of the Department of Justice. I do not think there should be any limit. I just want to make that point. As far as I am concerned personally, I am quite willing to let this item go through and say whatever I may have to say when we are discussing the main estimates.

Mr. Abbott: I do not quarrel with that position. I indicated that the main line of inquiry in the consideration of these estimates should be directed to why we require this extra money, because almost any major item involves the whole policy of that particular section, and perhaps we should have half a dozen debates on that during the year. I do not know. But it does not make for very orderly debate.

Mr. Thatcher: If the minister will permit me I should like to raise one question. I shall take only sixty seconds. I believe this particular item has to do with the hiring of legal counsel. Much of their work has to do with the law abolishing resale price maintenance, which was passed by parliament last year. Many people were a little bit afraid at that time. I must admit that I was one of them. We feared that abolition would permit an open door as far as loss leaders were concerned. However the Minister of Justice gave parliament the assurance that if loss leaders by departmental stores or by chain stores became serious, the government would take some action. I am not going into the question today, except to say that in my opinion the time for such action has come. Today in many fields of the retail business there are bankruptcies because of loss leadering by large companies. We also find that the quality of certain lines of merchandise manufactured in Canada has been deteriorated, so that manufacturers can compete as far as prices are concerned. The situation is sufficiently serious for the government to give consideration to implementing the pledge made a year or so ago, when price maintenance was abolished. If they do not, the smaller business people across the country, who after all are the backbone of many communities, will soon be in real difficulties.

Mr. Winch: I have a question to ask on this item. I understand that when an inquiry is made it is usually made by a royal commission, of course. A report is sent to the Department of Justice together with a transcript of all the evidence upon which the report is made. The government then has the report and the evidence, and before they do anything about it they hire outside counsel. I understand that the fees paid to these outside counsel run anywhere from $150 to $300 a day. At the same time the government has its own staff and all the information. Is it because of this practice of going out and getting outside counsel that this additional amount of $65,000 is required? Could we not, in the interests of a little economy, review that policy and still maintain efficiency?

Mr. Abbott: This additional amount to the extent actually of $51,500 is required because of fees and expenses of legal counsel, accountants, special assistants, reporters, special commissioners and witnesses arising out of rather numerous investigations and prosecutions which have taken place this year. It is the practice, as I understand it, to retain outside counsel to assist in these prosecutions and to advise in connection with them. Personally, I think it is desirable; but even if it were to be done by the government's own legal staff it would be necessary to increase considerably those staffs, because I know from personal experience that the lawyers in the Department of Justice are pretty well overworked as it is now. My own personal view is that nothing would be saved by enlarging the legal staff of the Department of Justice; that it is more economical and in some respects more satisfactory to retain outside counsel in each particular case.

Mr. Winch: If you increased the staff would you pay them the $200 a day that you pay for outside counsel now?

Mr. Abbott: I know what we have to pay to keep our lawyers and we are not keeping some of them; they are going outside. Probably we are not paying them enough.

Item agreed to.

General—

571. Expenses of committee appointed to advise on principles and procedures relating to remission service, $1,000.

Mr. Knowles: I have no objection to this item, but in view of what the Minister of Finance has said a number of times during the discussion of these items it should be pointed out that not all these items in the supplementaries were in the main estimates.

Mr. Abbott: No, there is the occasional one.

Mr. Knowles: About one-third of them thus far.

Mr. Abbott: No.

Mr. Knowles: This is an example of a brand new item.

Mr. Abbott: This is a new item because there was not a sufficient amount in the general vote of the Department of Justice to provide for these expenses; but the appointment of some of them to do this job requires no legislative authority.

Mr. Brooks: It is not a new committee?

Mr. Abbott: It is a new committee, yes.

Mr. Knowles: I have no objection.

Mr. Abbott: It was announced in the house.

Mr. Knowles: I just thought the minister should not argue against the debate that has taken place on several of these items.

Mr. Abbott: I would not have argued if my hon. friend had wanted to ask these questions. I repeat what I said at the outset, that most of the items here involve no new policy at all, and that is the case with this one.

Item agreed to.

DEPARTMENT OF LABOUR

Unemployment Insurance Act, 1940—
573. Administration—further amount required, $571,625.

Mr. Knowles: What is the reason for this additional amount for the administration of the Unemployment Insurance Act?

Mr. Abbott: It is entirely an increase in salary costs.

Mr. Knowles: Is none of it involved in research on the possibility of increasing the rates of benefits paid under unemployment insurance?

Mr. Abbott: Not at all; all of it is a result of increases in salaries which parliament has authorized.

Mr. Noseworthy: Has the minister any figures to show what salaries are paid to the branch managers?

Mr. Abbott: I am afraid I have not here; I have only the totals.

Mr. Noseworthy: We shall be able to get that later?

Mr. Abbott: I have only the totals.

Mr. Brooks: I would like to ask the minister if there have been any increases in the staffs of the unemployment offices across the country.

[Mr. Abbott.]

Mr. Abbott: I understand there have been but I have not the details.

Mr. Brooks: This would be to pay for that, I presume?

Mr. Abbott: Yes.

LEGISLATION

579. General administration—estimates of the Clerk—further amount required, $213,500.

Mr. Adamson: Can the minister explain the reason for this somewhat extensive increase amounting to nearly $250,000?

Mr. Abbott: The additional expenditures are $200,000 for the publishing of debates. It may be that debates are somewhat more extended than they used to be. Office stationery, supplies and equipment amount to $13,500 making this total of $213,500.

Item agreed to.

DEPARTMENT OF MINES AND TECHNICAL SURVEYS

Dominion coal board—
582. Payments in connection with the movements of coal under conditions prescribed by the governor in council—further amount required, $2,370,700.

Mr. Brooks: I would like to ask the minister whether this covers subventions and if he would give us a breakdown of the figures?

Mr. Abbott: Yes. The main estimates contain an item of $6,078,300, and the main supplementary estimates an item of $2,220,000 plus this item of $2,370,700. The total of $10,669,000 is broken down by provinces and I have the breakdown here. Nova Scotia, all rail, amounts to $541,000; transshipped $625,000—

Mr. Brooks: By that you mean subventions paid?

Mr. Abbott: Yes. That is the amount to be paid out of the treasury in connection with the movement of maritime coal. Water-borne costs amount to $4,596,000; water-borne audit adjustment $260,000; railway use $1,555,000; New Brunswick all rail $5,500; Saskatchewan all rail $185,000; under Alberta: Ontario west $42,000—that is the destination of the coal, of course—Ontario east $373,000; railway use $2,475,000; British Columbia, ships bunkers $1,500 and export $10,000; making a total of $10,669,000, an increase over estimates already authorized of $2,370,700.

Mr. Brooks: As I understand it New Brunswick gets $5,500 out of approximately $10 million?

Mr. Abbott: Yes.

Item agreed to.

National research council and atomic energy control board—

National research council—

585. Salaries and other expenses—further amount required including authority for additional expenditures from revenues derived from publications, laboratory fees, plant engineering, shop work and the conduct of its operations generally, $1.

Mr. Knowles: Perhaps the minister could offer a word of explanation. I believe these dollar items should be looked at more carefully than some of the larger ones. This item covering an amount of one dollar seems to be required for two purposes which I suppose could be a matter of 50 cents each. The amount is required for salaries and other expenses and for certain other transactions. I am sure the purpose of this is not to obtain a further amount of one dollar. If it were the minister could surely provide it from his own pocket. Perhaps the minister can explain.

Mr. Abbott: The explanation is that the amount of the estimates approved by parliament included an amount of $500,000 to be provided from revenue for salaries and other expenses. There now appears to be some question as to council's authority to make any expenditure from revenue. The purpose of this supplementary estimate is to obtain parliamentary authorization for the council to make expenditures for salaries and other expenses from revenue derived from such operations as publications, laboratory fees, plant engineering, shop work and the conduct of its operations generally in connection with the Research Council Act now under consideration which will become effective before the end of the fiscal year. This is clearly an example of the use of the one dollar item to which I do not share the objection raised in most cases. This is clearly a case in which that kind of item is fully justified.

Mr. Knowles: Without going into the question of legislating by this one dollar item, is it clear that the legislating being done under this dollar item is just for a temporary period?

Mr. Abbott: Just for this current year.

Mr. Knowles: Legislating by an item in the estimates for that purpose is approved by the Auditor General but he does not approve of it being done on a long term basis.

Mr. Green: What provisions are being made for similar expenditures from revenue in the fiscal year of 1954-55?

Mr. Abbott: As I indicated before, there is a bill now before the house amending the Research Council Act which will contain the appropriate provisions.

Item agreed to.

Atomic energy control board—

Atomic Energy of Canada Limited (research program)—

586. Current operation and maintenance—further amount required, $265,000.

Mr. Knowles: Would the minister explain the reason for this additional amount?

Mr. Abbott: This amount of $265,000 is made up as follows: the first item provides for expenses arising out of contributions to the superannuation fund under the terms of the Public Service Superannuation Act in respect of employees; the total amounts to $160,000. The second additional amount is required for the repair of the NRX reactor amounting to $105,000, which makes a total of $265,000.

Mr. Green: Will that complete the repairs to the reactor?

Mr. Abbott: I think so, Mr. Chairman, but I would not be quite sure about that because we usually try to get that in at the end of the fiscal year.

Item agreed to.

DEPARTMENT OF NORTHERN AFFAIRS AND NATIONAL RESOURCES

Forestry operations division—

592. To provide for contributions to the provinces for assistance in forest inventory and reforestation in accordance with agreements that have been or may be entered into by Canada and the provinces —further amount required, $100,000.

Mr. Green: I wonder if we could have an explanation of the purpose for which this $100,000 is to be expended? What distribution has there been between the different provinces not only in regard to this item but of the corresponding item in the main estimates?

Mr. Abbott: The main estimates, as my hon. friend will recall, provide for a total of $1 million. On this supplementary estimate of $100,000 the note I have indicates that during the fiscal years 1951-52 and 1952-53 the actual payments made to the provinces for inventory and reforestation combined were short of the authorized ceilings by 20 and 16 per cent respectively. Having regard to this experience and in order to avoid the necessity of conferring with the provinces for the negotiation of new individual ceilings, the minister has approved inventory and reforestation programs submitted by the provinces for the fiscal year 1953-54, the federal share of which amounts to about 16 per cent more than the $1,225,000

authorized by treasury board and appropriated by parliament. A reappraisal of the cost of the current year's programs, recently made by the provinces, indicated some reduction in the total cost as compared with the estimates given in their programs. However, according to this latest estimate the appropriation may be exceeded by as much as $100,000. I have not a breakdown of how that is divided between the provinces but that could be obtained. In any case the Minister of Northern Affairs and National Resources will be able to give them when the corresponding item comes up.

Mr. Green: The whole amount is to be spent for inventory?

Mr. Abbott: Yes, and reforestation.

Mr. Green: I believe in the original estimate the amounts were divided between inventory which got by far the largest proportion—

Mr. Abbott: I believe my hon. friend is right. The whole amount is for inventory this year.

Mr. Green: Then this $100,000 is for inventory only?

Mr. Abbott: I believe that is correct.

Item agreed to.

POST OFFICE DEPARTMENT

593. **Operations—further amount required, $1,100,000.**

Mr. Adamson: I would like to ask the minister whether this amount relates to the post office and in what fashion?

Mr. Abbott: This covers the increased salary costs arising out of the recent salary revision made effective some time ago.

Mr. Adamson: Does it include the extra cost involved in the 40-hour week?

Mr. Abbott: No, this includes the higher pay scale put into effect on December 1.

Mr. Adamson: Does it cover the executive officers of the post office?

Mr. Abbott: All employees of the post office.

Mr. Knowles: I regret it is not possible for the Postmaster General to be present. Perhaps the items are being passed faster than he anticipated. I would not wish to detain him for any length of time but I should like to say just a word with respect to the operations of the post office, having in mind in particular that at long last it has been decided to institute the five-day 40-hour week about two days hence. As the Postmaster General is aware, from questions which some of us have put to him on the orders of the day and from questions which we have put on the order paper, some of which were answered today, a great many complaints are coming to us from employees of the Post Office Department. I take just this moment to make a further plea to the Postmaster General to the effect that the representations of the department's employees should receive greater consideration in working out the plans and arrangements for the five-day 40-hour week than appears to have been given. There is a great deal of dissatisfaction over certain details. For example, there is concern over the arrangements for annual leaves. There is also concern over the change being made so far as the night differential is concerned. Underlying all of these grievances is a basic grievance that these employees have, namely that the decisions are made at the top and are handed to them, and that their representations are not given the consideration which they deserve.

In the Department of Labour there is an excellent labour-management co-operation service. I think the services of that branch of the Department of Labour might be made available to the Post Office Department in order to help them work out these arrangements on a more satisfactory basis. I will not take the time of the committee to go into the matter further now but I plead for further consideration of the representations being made to the department by the post office employees themselves.

Item agreed to.

DEPARTMENT OF PUBLIC WORKS

Architectural branch—

596. **Maintenance and operation of public buildings and grounds, other than at Ottawa, including repairs and upkeep, rents, furnishings, heating, etc.—further amount required, $270,000.**

Mr. Green: I wonder if we may have an explanation of that item?

Mr. Abbott: Yes. This is supplementary to the big vote, the main vote of $18,998,865. A further amount of $43,000 is required for rents and $227,000 for light, power, water and other municipal charges mainly because a greater number of buildings are now occupied by government departments across Canada than anticipated at the time of the estimates and also because of the unexpected increase in some leases and regional increases in public utility service. This is the big operating vote, as my hon. friend knows, under the Department of Public Works.

Mr. Green: I notice that the bulk of the vote, $227,000, is for light, power, water and other municipal charges. Are there any new

types of municipal charges included in the vote? It seems to be a heavy supplementary vote for payments of that type.

Mr. Abbott: Yes. The total payments, as provided in the estimates, were $1,550,000. The supplementary vote required here is $227,000, or roughly 15 per cent.

Mr. Green: Is the department paying any new type of charges to the municipalities?

Mr. Abbott: Not that I know of. This covers general charges. They would be service charges. They would not be taxes, of course. They would be water rates or charges for light, power or something like that.

Item agreed to.

Acquisition, construction and improvements of public buildings—

Construction, acquisition, major repairs and improvements of, and plans and sites for, public buildings listed in the details of the estimates, provided that treasury board may increase or decrease the amount within the vote to be expended on individual listed projects—further amounts required—

597. Quebec ($420, less the amount of $419 available from savings in other listed projects detailed in previous estimates for 1953-54 for this province), $1.

Mr. Green: This is another one of the $1 items. The description makes it appear as though there is $420 required to build a public building, that the department had on hand, in the Quebec vote for buildings, $419, so they now just want $1. That seems almost too good to be true.

Mr. Abbott: This is a real economy measure, Mr. Chairman. It was contemplated that a new public building would be erected in Huntingdon and an appropriate item was put in the estimates to prepare plans and acquire a site. Then on re-examination of the situation it was found that it would be satisfactory to extend the present building. The vote which was originally there to prepare plans and so on is sufficient to do that, but of course that does not authorize the doing of it. This item of $1 is to give statutory authorization to do that.

Mr. Green: The vote in the present fiscal year, I think, was $25,000.

Mr. Abbott: That is right.

Mr. Green: Just how do we get from the $25,000 to $420, then to $419 and then to the $1?

Mr. Abbott: The $1 is merely to give statutory authorization to use the $25,000 item for this extension. The $25,000 was an initial item of an estimated cost of $100,000. It now looks as though we shall get a satisfactory public building in Huntingdon for certainly not more than the $25,000 required for this extension. As I said, an amount of $25,000 was provided in the 1953-54 main estimates towards the cost of constructing a new customs building at Huntingdon, province of Quebec, at a preliminary estimated cost of $100,000. Subsequent to the request from customs for this new building, the Post Office Department advised that they would require an additional 1,071 square feet. Having this in mind, and the fact that the operating and maintenance costs on one building are considerably lower than on two, it was decided to construct an addition to the present public building to provide the necessary accommodation for both customs and post office.

Mr. Green: How much was this extension to cost?

Mr. Abbott: I do not know that I have the full data here.

Mr. Green: I still do not see how we get from $25,000 to the $420. The minister has not explained that.

Mr. Abbott: We will not get to the $420. The only explanation I gave was that the $25,000 in this vote for Huntingdon during this current fiscal year is not available legally for the construction of an extension to the existing building but only for the construction of a new building. We have started to extend the existing building and wish to use the $25,000 voted for the cost of that new building towards the cost of that addition to the building.

Mr. Green: Why did they put in this figure of $420?

Mr. Abbott: I thought we were discussing the $1 item.

Mr. Knowles: X minus Y equals 1.

Mr. Abbott: Here it is. The note is to this effect. When the estimates were being prepared, on March 1, 1954, treasury board authority had not been obtained for the new contract. It is therefore anticipated that the expenditure of $420 already made for survey and advertising will be the only charge against 1953-54 funds.

Mr. Green: Then the $25,000 has already been spent?

Mr. Abbott: No.

Mr. Green: How much has been spent? Is it the amount $419 or $420 or $1?

Mr. Abbott: I am afraid that I cannot give that information at the moment.

Mr. Knowles: There is one other point. Maybe the minister cannot answer this either. How does he relate the $25,000 that was voted in 1953-54, this $420 we are talking about now and the fact that in the 1954-55 estimates there is an item for the Huntingdon public building of $150,000 which includes a $25,000 revote. Is it now sufficiently confused?

Mr. Abbott: Yes, I think so. I think it must be, I am afraid I cannot answer the question at the moment. As I say, this is to enable the vote which was put in to authorize the expenditure on the new building to be available for the changed situation. I will have to get the details from the Department of Public Works.

Mr. Green: The minister suggested there might be some economy, and I was a little startled by that statement.

Mr. Abbott: That is right.

Mr. Green: I find in the 1954-55 estimates that the amount for this building has gone up from $25,000 to $150,000, so there is not very much economy. That includes a revote of $25,000.

Mr. Abbott: These estimates were prepared of course in the early part of the year. Tenders were received on February 10, 1954, the lowest tender being $116,000, and presumably that is what the extension to the new building will cost, including the additional thousand odd feet of space required by the post office, to provide accommodation for the customs department.

Mr. MacInnis: Is it not possible that the $25,000 included last year was not the full cost of the structure it was intended to build but an appropriation for certain preliminary work?

Mr. Abbott: I said it was not.

Mr. MacInnis: The $150,000 will come later.

Mr. Abbott: That is exactly what it is. I mentioned a moment ago that the $25,000 was put in last year as a vote on account of the preliminary estimated cost of $100,000.

Mr. White (Middlesex East): This is a rather unusual procedure, and I wonder whether the government is contemplating a similar procedure with respect to the proposed new post office and public building in the city of St. Thomas?

Mr. Abbott: We would not ordinarily have to do this where the plans are changed. It is in order to meet the strictly technical requirements of the original vote. We could have waited and put in a new vote next year. I suppose we could have paid nothing until next year, but some expenditures have been incurred on plans and advertising which should properly be charged against last year's vote. That is why the dollar item is in here.

Mr. Green: Then the mention in the 1954-55 estimates of a revote of $25,000 must be wrong. The estimates for the next fiscal year show that it is a revote of $25,000. That was the full amount of the vote for the present fiscal year. Apparently $420 has been spent somewhere.

Mr. Abbott: I am speaking from recollection of what happened when the matter was brought before treasury board, but as I understand it the vote of $25,000 was put in the estimates this year for a new building. No new building was planned. No plans were prepared for a new building. Nothing was done about it, but expenditures were incurred for the preparation of plans and the calling of tenders for an extension to the old building. That was done. There are some moneys owed for that. This dollar item will authorize the expenditure out of the $25,000 voted last year of $400 odd covering these costs, and that is all it is.

Mr. White (Middlesex East): The minister did not answer my question. I said that this was a rather unusual procedure and I wondered if they were going to adopt the same procedure in the city of St. Thomas where there has been a bit of a controversy about whether they would use the old post office and old public building there or erect a new one on a site that has already been acquired.

Mr. Abbott: That would be a policy decision on which I would have no information at the moment.

Item agreed to.

Engineering branch—
Graving docks—

599. **Prince Rupert dry dock and shipyard and appurtenant works—additional amount in excess of the sum of $110,000 already authorized by vote 343 of the Appropriation Act No. 3, 1953, for the payment of operating losses and essential repairs, all such payments to be made in respect of operations during the calendar year 1953—further amount required, $103,324.**

Mr. MacInnis: Together with the $110,000 authorized earlier, this additional vote will mean a total of $213,324 for operation and maintenance. Does any revenue accrue to the government from the operation of this graving dock? Has the minister that information before him?

Mr. Abbott: I believe there is some revenue but I do not think I have the information here at the moment. The dock is operated by Canadian National Railways. It has been under a management contract from ourselves whereby we pay the deficit. I know the

matter was discussed some time ago and an announcement was made by one of my colleagues not very long ago as to the temporary continuance of the operation of the dock. I do not think I have the figures here on what revenue was received. The deficit from January 1 to December 31, 1953, was $213,323.43. The main estimates provided $110,000 toward that deficit and the proposed vote here of $103,324 covers the difference.

Mr. Shaw: May I ask the minister why it is when the sum of $25,000 is appropriated and $420 is spent, the amount spent is not taken out of the $25,000 appropriation approved by parliament and then a revote put in of $25,000 less the $420? Why is that procedure not followed?

Mr. Abbott: My understanding is that the strict language of the original vote would not have permitted this payment, that we have to have the dollar item in order to amend the wording of the original vote. That is all that vote is doing. It is amending the language—that was the information I was given—of the original vote. I am sorry now I ever did it because it would have been quite legal to pay the $420 out of unforeseen and miscellaneous, but being so scrupulous we followed this procedure.

Mr. Knowles: I wonder if this mysterious $419—

The Deputy Chairman: Order. In order that we may put ourselves in order, may I say that we have called and discussed item 599. Does the committee wish to go back to item 597?

Mr. Knowles: No. We can deal with the same point on item 600.

Item agreed to.

Construction, acquisition, major repairs and improvements of, and plans and sites for, harbour and river works listed in the details of the estimates, provided that treasury board may increase or decrease the amount within the vote to be expended upon individual listed projects—further amount required—

600. Quebec ($17,000, less the amount of $16,999 available from savings in other listed projects detailed in previous estimates for 1953-54 for this province), $1.

Mr. Knowles: Here is another of these X minus Y equals $1 items, only in this instance instead of X being $420 X is $17,000. Perhaps the minister would give an explanation. Before he does so, may I say on this item what I rose a moment ago to say about the other one, that it looks to me as though the saving in the previous case of $419 was not necessarily out of the $25,000 and that in this case the saving of $16,999 is not necessarily out of one particular item but out of any number of projects listed under a general heading.

Mr. Abbott: Yes. Here is the explanation. Treasury board minute 464,852, dated January 22, 1954, approved entry into a contract with Captain J. Romeo Allard at $15,710, the lowest of three tenders, for the widening of a section of the wharf at Cross Point chargeable to the allotment of $42,500 for "Cross Point—extension to jetties." That would be a vote in the main estimates. The jetties referred to in the title of that allotment are actually wings of, and form a part of, the wharf which was to be widened. In view of the urgency of carrying out the widening during the winter months when the ferry service was suspended, there was justification for temporarily charging the cost to the unexpended balance of that allotment.

This item now requested in the further supplementary estimates is merely to cover any possible criticism with respect to the propriety of charging a widening of the wharf to an allotment worded "extension to jetties." You can see how scrupulous we are. The wharf at Cross Point has to bear very intense traffic on account of the ferry service between this wharf and Campbellton, New Brunswick. From the slipway to the shore end the structure is only 20 feet wide and the motorized traffic is congested near the slipway at each ferry boat trip by taxis and other cars trying to turn around or find a parking space. The widening was required to solve this problem and prevent accidents.

Mr. Brooks: I might say that the proper solution would have been a bridge.

Mr. Abbott: I thought the hon. member for Royal might say that.

Mr. Knowles: That is what this dollar item is for.

Item agreed to.

General—

601. To provide for the expenses incurred by Central Mortgage and Housing Corporation in constructing and supervising construction of married quarters, schools and related services on behalf of the Department of National Defence (formerly under Department of Resources and Development)—further amount required, $130,000.

Mr. Lennard: Why is this not charged to the Department of National Defence where it belongs?

Mr. Abbott: I think it is, Mr. Chairman.

Mr. Lennard: It does not say so here.

Mr. Abbott: It is probably another bookkeeping requirement. The Central Mortgage

and Housing Corporation I do know charge the Department of National Defence for services that it performs, but it does not indicate here how that amount is recovered. I shall have to get that information and give it to the hon. member.

Item agreed to.

DEPARTMENT OF TRANSPORT

604. Departmental administration—further amount required, $161,000.

Mr. Herridge: I must take this my first opportunity with you in the chair to say what a number of the people in my district have asked me to say. I represent the riding in which our deputy chairman first saw the light of day. On behalf of these old-timers I want to congratulate you on your appointment as deputy chairman. I recall one lady who said, "I was quite sure our Teddy would make his mark when he got to Ottawa."

I want to take the time of the house for a few minutes on this administration item of the Department of Transport, to introduce an important matter. I was going to do it when we were going into supply a few days ago, but I did not because I did not want to delay the debate on external affairs. It was suggested that I do not do so upon going into supply today so that these estimates could proceed. Perhaps if I take a few minutes at this time I shall have the good will of the house because I cannot wait to raise this matter until the regular estimates of the department are before the committee. I refer to a question that is vital to some three thousand of my constituents, to a lot of people in British Columbia, a good many people in Canada, and in fact a good many people in the United States who have been using the steamer service on the Arrow lakes during the summer months for many years.

The Canadian Pacific made the following announcement recently:

> The Canadian Pacific Railway Company will withdraw all steamer service on the Arrow lakes. The last trip from West Robson on April 23 and the last trip from Nakusp to Arrowhead and return on April 24. Effective on these dates all steamer service provided by the above company will be cancelled.

This will mean there will be no steamer service for a distance of 120 miles on the Arrow lakes between Robson and Arrowhead. This announcement was made without any consultation with the people or the district organizations concerned; the public were simply informed through this notice in the press and a letter to the chamber of commerce. It is very upsetting to these people I represent because it is a serious matter to them.

This company was incorporated by an act of this parliament in 1890, and sold to the Canadian Pacific later. The Canadian Pacific has operated steamers on these lakes since about 1896. In fact, it was the main route of the Canadian Pacific from the interior of British Columbia to the coast until the Kettle Valley railroad was built. If one peruses the minutes of the Canadian Pacific Railway Company up until the early twenties, one can see that the company made substantial profits out of the operation of this steamship service until that time. However, we admit that during the last years increasing losses have been incurred. Because of the changing circumstances a great deal of the traffic that formerly went up the lake is now going over the Kettle Valley railroad.

As a matter of fact, the company has discouraged traffic on this steamship service by failure to advertise. I know many people who tried to buy tickets for this service from agents in various parts of Canada, and they were told there was no service operating. The company in recent years has rerouted all the heavy freight, and instead of carrying it on the steamers have carried it on the railroad. This means a loss of credit to the steamers in question. I know that during the summer months last year this service was packed. Hundreds of cars, for which no reservations had been made, were turned away during the season and this happened at Nakusp, Arrowhead and West Robson at which points cars are taken aboard. This matter is of serious concern to the people I represent.

Strangely enough, while there has been an operating loss of something like $100,000 a year for the last two or three years, this loss has occurred in one of the best paying divisions of the Canadian Pacific Railway. Indeed, the plants of the Consolidated Mining and Smelting Company are situated in the district and according to the latest balance sheet of the C. M. and S. Company the Canadian Pacific will derive a net revenue of something over $10 million from this source alone. As I said, this service is of vital concern to many of my constituents, until other means of transportation is provided. It is essential to the settlers and the fruit farmers, who depend upon it for shipping fruit, in carload lots or less. It is important to the general farmers who ship carloads of hay and the

dairy farmers who ship produce to Nelson, Trail, Revelstoke and other points. We have two summer resorts on the upper lakes. One is at Halcyon, which is fairly large with accommodation for fifty guests and to which there will be no steamer service and no access by road. The same thing is true of St. Leon, where there are a thirty-five room hotel, hot springs and resort facilities.

This steamer also provides service for the logging operations along the lake which, in the last year, produced timber products to the value of about $1 million and in doing so, created considerable rail traffic for the C.P.R. I have mentioned the farmers and the loggers, as these people are the real backbone of the community. As a result of this announcement on the part of the Canadian Pacific, the people in the district have been very agitated. I have received a lot of letters from individuals and telegrams and letters from various organizations concerned. The people from the whole length of the lake attended a public meeting at Nakusp, called under the auspices of the Nakusp chamber of commerce on March 22 of this year. At this meeting all the angles of the question were discussed.

The people want to be fair about this but, as a result of that meeting attended by some 175 delegates from all points between Castlegar and Revelstoke, this resolution was passed:

> That this meeting of 175 Arrow lakes citizens Deer Park to Arrowhead vigorously protest the discontinuance of steamer service on Arrow lakes. We respectfully request both federal and provincial government intervention and protest. We further request that the present lake transport service be maintained until an alternate satisfactory service is made available.

The resolution is supported by the West Kootenay central farmers institute; the associated growers of British Columbia, Kootenay section; the women's institutes of the district; all the co-operative fruit unions; by editorials and letters in the press and by dozens of letters that I have received. Yesterday I was informed that the government of British Columbia has also protested the announcement of the C.P.R. that the steamer service will be discontinued, and so informed the Minister of Transport.

It has been suggested that there will be a tugboat and barge service on the lower lake. So far as the people around the lower lakes are concerned, this is an entirely unsatisfactory arrangement, especially for handling soft and other fruits. When dealing with this question I want to emphasize to the minister, and I am sure he will bring my remarks to the attention of the Minister of Transport, that the people of the district speak with one voice because they are very concerned and united about this matter. In my opinion, the responsibility for the maintenance of the service should be jointly shared by the federal government, the provincial government and the C.P.R. This steamship line was incorporated under an act of this parliament in 1890, and the crews who serve on these steamers come under federal labour legislation and the board of transport commissioners has issued certain directives concerning the operations of these steamers throughout the years. In my opinion the provincial government is also the government responsible for providing road transportation. Road transportation has been promised by successive provincial governments in British Columbia to service this lake area so that the steamship service would not be so essential. In election after election, from the McBride government on, these people have been promised road transportation along the lake. I say the Canadian Pacific Railway is responsible partly because the steamship service was established as part of its national operations. It received land grants from the federal government in the area so that it could build its railway lines and establish this steamship service. The railway company also promoted the settlement of the district. As a matter of fact my family was one of the victims of that early settlement promotion. Land was sold to early settlers; in fact half the town of Nakusp was given to the C.P.R. This land was sold at high prices to pioneers in the early days of the century.

I say the company has a moral responsibility to the people directly concerned. It is all right to talk about losses; one might just as well talk of losses along the north shore of lake Superior, for which provision has to be made by subsidies from this government. However, the service to which I have referred is an essential one, and I feel sure other hon. members from British Columbia share my views in this matter. I feel sure they hold the opinion that this service must be maintained until an alternative form of transportation is provided.

I have hurried along in order not to take up unnecessarily the time of the committee in a discussion of this item. However I would urge that the minister's department take action before the order of the C.P.R. goes into effect. There should be a conference of representatives of the Department of Transport, of officials of the provincial government, which has indicated its interest by protesting

against the decision of the C.P.R., and of the C.P.R. By consideration and co-operation they could work out jointly some scheme to continue the service on the Arrow lakes until some other satisfactory form of transportation is provided.

I have dealt with the subject hurriedly; but it is important and urgent for at least three thousand people whom I have the honour to represent. I do urge that the Minister of Transport take action along the lines I have suggested, because the people in the Arrow lakes district are certainly looking forward to the maintenance of this service until other satisfactory transportation is provided.

Mr. Abbott: I shall see that my hon. friend's remarks are called to the attention of the minister, who is now appearing before the railways committee.

Mr. Green: Mr. Chairman, like yourself I am a native of the West Kootenay district and I endorse the remarks of the hon. member who represents that riding. In addition, the hon. member for Kamloops has asked me to express to the committee his support of the remarks just made. The service in question is vital to that part of British Columbia. I believe it might be possible for the government to work out some agreement with the province of British Columbia under which the two governments would arrange to subsidize the service to an extent sufficient to keep it in operation.

Some hon. members may think that this would be breaking fresh ground. However, I have here the estimates of the Department of Transport for the year 1954-55, and I find at page 568, in the vote for the Canadian maritime commission, an amount of $100,000 as a subsidy for a boat service between Owen Sound and ports on Manitoulin island and Georgian bay, Ontario. There is also a vote of $35,000 for a boat service between Pelee island and the mainland, again in Ontario. Then, in addition, there are votes for salt water services.

I have given two examples of subsidies voted for fresh water services; and I believe this service on the Arrow lakes in West Kootenay would come in the same category as the two services to which I have just referred. I would hope the Minister of Finance would discuss the matter with the Minister of Transport with a view to including a vote in the 1954-55 estimates which would result in the maintenance of this Arrow lakes service.

[Mr. Herridge.]

Mr. Abbott: I shall see that what has been said is brought to the attention of the minister.

Mr. Goode: Mr. Chairman, this is a matter to be discussed not only by hon. members on the other side of the house. The hon. member for Kootenay West spoke to me about it this afternoon, knowing very well that I have used this steamship service on many occasions. I was astounded to learn from the hon. member for Kootenay West that the service was to be taken away from these people. I have travelled on that lake perhaps hundreds of times, and I do not know how the people affected will be able to get into or out of that locality unless something is done. I am pleased to know that the Minister of Finance is going to bring the matter to the attention of the Minister of Transport. I am sure however that it will be placed before the house again if something is not done about it.

Item agreed to.

Canal services—

606. To provide for expenses in connection with the St. Lawrence ship canal surveys and investigations (including St. Lawrence seaway investigations)—further amount required, $200,000.

Mr. Green: This item calls for a further amount of $200,000 for expenses in connection with the St. Lawrence ship canal surveys and investigations. I notice in the details at page 22 that all of the amount is for professional and special services. How is this money to be spent?

Mr. Abbott: Aerial surveys of the St. Lawrence river basin, $30,000; field surveys in the Cornwall and Lachine areas during the winter, $120,000, and a hydraulic model of the Galop section, the Cardinal-Iroquois area, to be constructed and housed by the national research council, $50,000. The total is $200,000.

Mr. Green: To what persons and firms are those payments to be made?

Mr. Abbott: I have not that data here. The aerial survey would be made by regular aerial survey companies. However, I could get that information.

Mr. Green: I would be grateful if the minister would.

Mr. Abbott: I shall do that.

Mr. Green: Perhaps the item might be allowed to stand in the meantime.

Mr. Abbott: The hon. member could ask the same question when a similar item in the main estimates is discussed. He could

place his views on record at that time. I could get the information and send it to him, if it is merely for his private information.

Mr. Green: Would the minister try to get it from the Minister of Transport? There are many questions to be asked him in respect of other items in his department.

Mr. Abbott: I understood there was one item in particular about which the hon. member wished to question the minister. As I said before, he is now attending a meeting of the railways committee. I would be prepared to let this item stand so that the minister could deal with it.

Mr. White (Middlesex East): There is an item in the main estimates for the St. Lawrence seaway, and I have one or two observations to make.

Mr. Abbott: I think we will be having items in that connection in the main estimates for some years to come.

Item stands.

Marine service steamers—

607. Construction or acquisition of vessels and equipment, as detailed in the estimates—further amount required, $291,907.

Mr. Brooks: I notice that this item is for icebreaker service in the St. Lawrence and northern areas. What is the cost of the icebreaker service in the St. Lawrence river, and what is the main purpose in opening the river? Those of us who come from the maritime provinces realize that every day the St. Lawrence river is open before its normal time means a day less in the use of the winter ports of Saint John and Halifax.

Mr. Abbott: Coming from Montreal, the sooner the St. Lawrence is opened the more pleased I am.

Mr. Brooks: I do not see why we should spend this large amount of money simply to please the minister.

Mr. Abbott: But Montreal pays its fair share of the taxes to open the river, too.

Mr. Brooks: There is no question about that. Is there any other reason for these icebreakers being used? I understand it is on account of flooding, and I should like to have some information.

Mr. Abbott: That is my understanding. I cannot claim to be an expert on this matter of course. I understand that the operation of the two icebreakers in the river in the winter is to minimize the danger of flooding, particularly the Sorel islands and further down, and they cut a narrow channel and keep it open as far as Sorel, during most of the winter.

Mr. Brooks: The main object is not to steal business from Saint John and Halifax.

Mr. Abbott: Oh, just the reverse.

Item agreed to.

River St. Lawrence ship channel service—

609. Contract dredging—further amount required, $1,899,989.

Mr. Green: May we have an explanation?

Mr. Abbott: Yes. This is the St. Lawrence ship channel dredging contract which runs over a period of years, I think it is five years, and is paid for on a progress basis. At the beginning of the year we included in the main estimates an estimated amount of dredging that would be done, and the amount in the main estimates this year was $2,500,000 under vote 462. The item here of $1,899,989 is to cover the cost of additional dredging performed during 1953, arising as a result of favourable weather and availability of the contractors' equipment. With this supplementary the total payment to the end of the current fiscal year under the existing contract, the 1952 contract, will be $7,533,290.

Mr. Green: That covers more than one year?

Mr. Abbott: Oh, yes, that covers the work done to date, on the five-year contract.

Mr. Green: What was the total paid for the fiscal year?

Mr. Abbott: The total paid for the fiscal year with this amount will be $2,500,000 plus this $1,899,989, $4,399,989.

Item agreed to.

Railway and steamship services—

612. Canadian National (West Indies) Steamships, Limited, deficit, 1953—To provide for the payment to the Canadian National (West Indies) Steamships, Limited (hereinafter called the company) of the amount of the deficit for the year ending December 31, 1953 in the operations of the company and the vessels under the control of the company, as certified by the auditors of the company to the Minister of Finance and approved by the Minister of Transport, $649,662.

Mr. Bell: Can the minister tell us how many ships are in active operation now and is it the intention to keep them in operation?

Mr. Abbott: The fleet now consists of eight vessels. The *Lady Rodney* and the *Lady Nelson* were withdrawn from service and

sold late in 1952. My understanding is that it is the intention to keep these eight ships operating this year.

Item agreed to.

General—
614. To provide for reimbursement of the Department of Transport stores account for the value of stores which have become obsolete, unserviceable, lost or destroyed, $12,275.

Mr. Green: I ask that this item be allowed to stand.

Mr. Abbott: All right.

Item stands.

Item 616 stands.

General—
Air transport board—
618. Subventions for air carriers, as detailed in the estimates—further amount required, $80,000.

Mr. Winch: In view of the fact that an additional sum of $80,000 is required for this service in British Columbia, can the minister give an explanation of the need for it, particularly since in the past twelve months another company has said they could put on another service without any subsidy?

Mr. Abbott: The minister will be here shortly. He is at the railways and shipping committee. Perhaps he had better deal with this. As my hon. friend has indicated, it deals with a supplementary payment to the Queen Charlotte Airlines Limited for subsidized services on the west coast of British Columbia. Perhaps the item can stand until the minister comes.

The Chairman: Item 618 stands.

Item stands.

Canadian maritime commission—
620. Steamship subventions for coastal services, as detailed in the estimates—further amount required, $144,971.

Mr. Green: There is a vote of $136,616 for the Newfoundland coastal steamship services. Just how does that vote arise?

Mr. Abbott: Since Newfoundland joined confederation the Canadian National Railways have undertaken reorganization of the coastal steamship service, that is the coastal steamships of Newfoundland. Subsidy contracts have been executed between the Canadian maritime commission and the Canadian National Railways based upon estimates of annual loss. In each of the five years since 1950, the Canadian National Railways have absorbed the loss which has been incurred in excess of the subsidy provided. This has been included in the deficit of the railway in respect of its operation in Newfoundland. It is now considered that this loss in excess of the subsidy provided, which is based upon estimates made prior to the year in which it is incurred, should be made up by an additional subsidy and provision made for it included in the further supplementary estimates. Due to increased wages and cost of materials, the loss on operation in 1953 exceeded the subsidy by the sum of $136,616, and this amount has been certified by George A. Touche and Company, the national company's auditors.

Mr. Green: Then this amount will be payable to the Canadian National Railways?

Mr. Abbott: That is correct.

Mr. Green: And is that the total deficit for the year?

Mr. Abbott: No.

Mr. Green: On the steamship services?

Mr. Abbott: No; this is in addition to the subsidy originally provided.

Mr. Green: What was the original subsidy?

Mr. Abbott: That is provided for in the previous estimates, $1,766,500.

Mr. Green: That is the deficit.

Mr. Abbott: The total subsidy cost including the loss is $1,903,116.

Mr. Green: What was it in the previous year?

Mr. Abbott: I have not that figure today, but I will get it.

Item agreed to.

DEPARTMENT OF VETERANS AFFAIRS

War veterans allowances and other benefits—
622. War veterans allowances—further amount required, $550,000.

Mr. Knowles: Before this item carries I want to express the earnest hope that the government will soon bring in its legislation amending the War Veterans Allowance Act. I hope it is not presumptuous for me to assume that an amendment to that act is on the books for this session, for it is certainly long overdue. I am sure the committee is glad to vote this item and provide whatever additional money is required to pay war veterans allowances according to the present schedule. I am sure also that if the house as a whole were given the opportunity to do so, it would vote wholeheartedly for increases in the amount of war veterans allowance and for other changes, particularly with respect to the amount of permissible income. I am glad that a committee is to be set up. The notice has been on the order paper for some time and it has been made to stand.

Perhaps the reason for that is that something is coming in respect to the War Veterans Allowance Act. I urge the government not to delay any longer in connection with this important matter.

Mr. Brooks: For fear that the hon. member for Winnipeg North Centre may get a copyright on this request that the War Veterans Allowance Act be amended to provide for an increase in war veterans allowances I should like to state also, as I have on many previous occasions, that I hope this will be given very serious consideration by the government.

Item agreed to.

War veterans allowances and other benefits—

623. Hospital and other allowances—further amount required, $100,000.

Mr. Lennard: What is meant by "hospital and other allowances"?

Mr. Abbott: The explanation I have here is that the item is required to provide for expenditures arising from the payment of allowances and provision of comforts and clothing to certain classes of veterans receiving treatment, examination or care under the authority of the veterans treatment regulations. It is part of a larger vote of $2,750,000, making a total vote of $3 million.

Item agreed to.

Canadian pension commission—

628. To provide for payment, in respect of the fiscal year ending March 31, 1954, of a monthly pension of $100 to Mrs. Annie Elizabeth Cronk, and to authorize the Canadian pension commission to pay thereafter to Annie Elizabeth Cronk an annual pension during her lifetime, in the same manner and subject to similar terms and conditions as if she were the widow of a soldier holding the rank of private who died while rendering military service in world war I, $1,200.

Mr. Knowles: I would appreciate it if the minister would explain this item. I do not rise to ask for an explanation in any critical vein. I know nothing of the circumstances of this case at all. It looks to me as though there must have been a deserving case that provision could not be made for in the normal way and for which special provision is being made. It may be that this is a precedent that might be useful on some future occasion. I would be glad if the minister would tell us what the circumstances are.

Mr. Abbott: The item is required to provide for payment to be made to Annie Elizabeth Cronk of a monthly pension of $100 during her lifetime.

Private Cronk received an eye injury due to the discharge of a blank cartridge in his face during active militia training at Niagara-on-the-Lake in 1905. He was subsequently awarded a pension under orders in council P.C. 42/2749 and 16/2857 dated October 23, 1936, and November 18, 1937, respectively, at schedule A rates, under section 49 of the Pension Act.

Private Cronk died on March 30, 1953 and the widow lodged claim for pension and burial grant. The Canadian pension commission ruled that there are no provisions in the Pension Act which would enable the commission to authorize a burial grant or an award on behalf of the widow in this case.

Treasury board minutes T.B. 461111 dated January 29, 1954, and directed to the Department of National Defence concurred in the proposal that a pension of $100 a month for life be paid to this widow effective April 1, 1953, subject to parliamentary approval.

Pensions of a similar nature have been paid in the past from the appropriation applicable to the Pension Act and in accordance therewith the Canadian pension commission were requested to place this pension in payment.

This provision is, therefore, required to cover the pension retroactive to April 1, 1953 and to authorize its payment hereafter as a charge against the appropriation for pensions for disability and death. I have not before me the full details which would have been available to the treasury board when they approved the recommendation, but as a rule approval is usually granted on compassionate grounds of a strong nature.

Item agreed to.

Canadian pension commission—

Terminable services—

629. Post discharge rehabilitation benefits, including the training of merchant seamen and salt water fishermen pensioners—further amount required, $560,000.

Mr. Green: Can the minister explain this vote and in particular let us know whether any of it will be used for the training of merchant seamen? They are referred to in the description of the vote but from the details it appears to me they do not receive any assistance.

Mr. Abbott: The increased expenditure under this vote is to provide unemployment insurance contributions. There was an underestimate made when the main estimates were prepared. Various calculations were made as to the requirements to be met for payments by the department of combined contributions for employers and veterans in regard to the veterans unemployment insurance fund and they proved to be inadequate.

Mr. Green: Has there been any money paid out during the year for the training of merchant seamen?

Mr. Abbott: I am afraid I have not that information here. This item covers both merchant seamen and salt water fishermen pensioners.

Mr. Green: Perhaps the minister could get that information?

Mr. Abbott: I can get that information but perhaps the hon. member will allow this item to pass and I will provide him with that information later.

Mr. Bell: I would also like to have information as to how many merchant seamen have been receiving benefits due to the scrapping of the fleet. Perhaps the minister will provide that information?

Mr. Abbott: I will see that that information is furnished.

Item agreed to.

DEPARTMENT OF EXTERNAL AFFAIRS

Loans, investments and advances—

630. To provide, subject to regulations of the treasury board, for working capital advances in the current and subsequent fiscal years to posts and employees on posting abroad, and to authorize the creation of a special account in the consolidated revenue fund to which shall be credited expenditure made by and advances recovered from the said posts and employees, the excess of the amounts charged over the amounts credited to the account at any time not to exceed $1,000,000. Vote 655 of the Appropriation Act No. 2, 1952, is hereby repealed, $1,000,000.

Mr. Green: Will the minister explain this vote? It seems to set up one of these revolving funds which appear to be a new departure in government finance. We have had one other example of this during the present session and I would like to have an explanation from the minister.

Mr. Abbott: Vote 655 of the supplementary estimates 1951-52 set up an account to provide working capital advances, not to exceed $600,000, to facilitate the financing of external affairs posts abroad. The setting up of the account was an attempt to meet a very difficult financing problem in providing funds for posts abroad. The time lag between the receipt of expenditure accounts and the forwarding of the advances makes it necessary for a second advance to go forward before the first has been accounted for. Thus, at any point in time, there is a substantial amount of "in transit" funds. Before the device of the working capital accounts was introduced, the advances were made from a departmental appropriation and it was necessary for that vote to be much larger than the actual amount required to meet the total expenditure which remained as a charge to it when the books were closed at the end of each fiscal year. Similarly, serious bookkeeping difficulties were encountered in making advances from several votes and then distributing the expenditure among their appropriate allotments. By charging all advances to the special account, these difficulties were considerably eased. The department now finds that the present amount in the account is not adequate to meet the expanding needs. Factors contributing to this inadequacy are: (1) opening of new posts; (2) increase in amounts required due to general rise in prices; (3) increase in interest-free loans and security payments; (4) additional requests for expenditures by posts on behalf of other government departments; and (5) increases due to expanded program of furnishing and other capital items at posts abroad.

In view of the department's request, treasury board, under T.B. 463061 of March 5, 1954, approved the increase in the working capital account from $600,000 to $1 million and its inclusion in these further supplementary estimates. It seems to work out pretty well in departments which have expenses of this kind all of which, of course, are kept under strict treasury control.

Mr. Green: They previously had $600,000?

Mr. Abbott: Yes.

Mr. Green: Was there a vote of $600,000 in the regular estimates?

Mr. Abbott: It was set up in further supplementary estimates for 1951-52 as a revolving fund for which a loan of $600,000 was authorized in the supplementary estimates for 1951-52, which covered the amount of advances. The purpose of this vote was to consolidate that $600,000 with an additional $400,000 to make a revolving fund of $1 million.

Item agreed to.

DEPARTMENT OF NATIONAL REVENUE

Loans, investments and advances—

Customs and excise divisions—

632. To authorize and provide for the operation of a revolving fund in accordance with section 58 of the Financial Administration Act for the purpose of acquiring and managing material to be used in the manufacture of uniforms, the amount to be charged to the revolving fund at any time not to exceed, $90,000.

Mr. Green: This appears to be another example of the revolving fund. Is this the first time the Department of National Revenue has had such a fund? If so, why is it necessary to have it?

Mr. Abbott: I believe this is the first time. My hon. friend will recall that the establishment of revolving funds generally was authorized under the Financial Administration Act

and this is the first time they have had one in the Department of National Revenue.

Mr. Green: Why is it necessary for the Department of National Revenue to have this money in order to obtain clothing with which to manufacture uniforms? Why is that not covered by an ordinary vote in the estimates?

Mr. Abbott: The present practice is to purchase material for the manufacture of uniforms from the current fiscal year's allotment and uniforms cannot be made available for the start of the tourist season which is the heaviest time for customs officers. The requested revolving fund will permit the purchase of material the previous fall so that uniforms can be manufactured and made available early in the season. The procedure would be for the department to purchase the material from the revolving fund so that uniform quality, weight and colour can be assured. The material would then be sold to the manufacturer and the revolving fund reimbursed. When the uniforms are completed and delivered the complete cost of same would be paid from the allotment voted by parliament. It is really to provide a revolving fund so that they can maintain a modest inventory reserve of the correct weight and type of material required. I had the treasury board look into this matter very carefully when the suggestion came up and they informed me that in their opinion it was a sound and economic measure.

Mr. Green: I presume this is only the start of these revolving funds. No doubt there will be a demand from different departments for increases in their revolving fund just as the Department of External Affairs has asked for an increase of $400,000 this year. Is this, in reality, a new policy under which amounts of money are to be made available for the different departments rather than having a vote?

Mr. Abbott: No. It is only in the operating departments. In most cases the moneys have to be paid out of the appropriation. In the case of contracts for uniforms, contracts will be let for the uniforms required by the Department of National Revenue and there will have to be a vote in the estimates to provide for the total cost of these uniforms, but the $90,000 will enable them to acquire an inventory of cloth which will be sufficient to take care of, let us say, the cloth requirements for two or three months or something of that sort. They will purchase the cloth before the commencement of the season and turn it over to the manufacturer at the appropriate time when they let the contracts for the uniforms. The manufacturer will pay for the cloth but the department will have to get a vote from the house to pay for the full cost price of the manufacturer which will include the cost of the cloth as well as the cost of making it up.

Mr. Green: But in effect the setting up of these revolving funds means, does it not, that the money is spent before it is voted? It is spent by the department without having a vote for that purpose from the house.

Mr. Abbott: Subject to reimbursement. That is right.

Mr. Green: Then the vote is approved at a later date?

Mr. Abbott: In some cases that is true. It is a working capital advance. If you want to use the terminology of accountancy, it is a working capital advance to the department. That is what it is.

Mr. Green: Is similar provision to be made for the other departments?

Mr. Abbott: In appropriate cases; not in every department. A good many departments will not need it. There is another one coming a little bit later for the R.C.M.P.

Mr. Green: I know that. I have my eye on it.

Mr. Knowles: What will happen if the department sells the cloth to the manufacturer for an amount less than that which the department paid for it, or for an amount greater than that?

Mr. Abbott: As Minister of Finance I can say that whoever authorized that in the department would not stay in that position for very long.

Item agreed to.

DEPARTMENT OF JUSTICE

Loans, investments and advances—
Royal Canadian Mounted Police—

633. To authorize and provide for the operation of a revolving fund in accordance with section 58 of the Financial Administration Act for the purpose of acquiring and managing material to be used in the manufacture of uniforms, the amount to be charged to the revolving fund at any time not to exceed $450,000 of which $250,000 was provided under vote 547, Appropriation Act No. 3, 1953—further amount required, $200,000.

Mr. Green: Will the minister explain this item? It appears to be for the manufacture of uniforms. It permits an amount up to $450,000. Why is it necessary to have this change made in the manner of financing R.C.M.P. purchases?

Mr. Knowles: Maybe here is a case where you had the fund set up and you did not put enough into it. Is that the story?

Mr. Abbott: That is right.

Mr. Knowles: Maybe you sold the cloth too cheaply.

Mr. Abbott: I am sorry to delay the committee. I should have had this item taken when we had the Department of Justice before us earlier. Vote 547 of the main estimates which we had earlier this year authorized and provided for the operation of a revolving fund for acquiring of material to be used in the manufacture of uniforms; that is R.C.M.P. uniforms. Of course their requirements are very much greater than are those of the Department of National Revenue. The maximum chargeable to the fund was placed at $250,000 which has proved to be inadequate, and it is estimated that a further $200,000 will be needed in order that the revolving fund may be put into operation.

Mr. Green: Is the same system used by the Department of National Defence for acquiring uniforms?

Mr. Abbott: I cannot answer that question offhand.

Mr. Knowles: Has the minister no further explanation as to why this amount proved to be inadequate? A moment ago when the hon. member for Vancouver-Quadra wondered whether the $90,000 item might have to be supplemented another time, the suggestion was not taken too seriously; but here we have just this very thing happening.

Mr. Abbott: My hon. friend will appreciate that I do not go into the detail of these amounts. I ask my officials who have charge of these matters to look into the cost of inventory requirements and advise me if the amounts requested are reasonable. The explanation which was given to me, and which I accept as being accurate is as follows.

The revolving fund, as presently authorized, is inadequate for requirements, and an additional amount of $200,000 should be provided in the supplementary estimates in order to bring the fund up to an amount which will permit normal operation during the coming year. With this additional amount, the total fund will be $450,000. Against this must be charged the present inventory value of $292,000 in round figures, leaving a balance available for purchase of materials of $158,000. This amount will not be excessive and is considerably below annual requirements.

Mr. Knowles: How do they get $292,000 of inventory when they had only $250,000 in the fund?

Mr. Abbott: I suppose they must have had some other vote that they could buy it with. This is a sound accounting and bookkeeping device to enable what are really operating departments to operate efficiently and smoothly and yet maintain the principle of parliamentary control. It is essentially a bookkeeping operation, of course, as the committee appreciates.

Mr. Green: I notice that the Associate Minister of National Defence is now in the chamber. Perhaps the Minister of Finance could ascertain from him whether this same system is used in purchasing uniforms for the defence forces.

Mr. Abbott: I think probably not. He tells me that, so far as he knows, it is not used by them. Of course, the requirements of the defence forces are on such a much larger scale and no doubt other considerations apply there. Contracts are let in very large amounts and, as the committee knows, mobilization stores of certain types of uniforms are provided; but so far as I am aware, there is not any revolving fund. It might be desirable to have one introduced.

Mr. Monteith: When this revolving fund is set up do you have to come back to parliament again in order to spend that money the second time?

Mr. Abbott: No. When they let a contract for uniforms, they have to pay for them out of a vote which is voted by parliament. But this revolving fund—taking the one which is now before us—would enable the R.C.M.P. to hold a continuing inventory of up to $450,000 worth of cloth; and they would have an asset to represent a loan which we make to them when acquiring that inventory. As they turn over the cloth to the clothing contractors to make it up into uniforms they get paid for the cloth and the moneys go back into the revolving fund. They must pay the uniform contractors the price of the uniforms, which price will of course include the amount he has paid for the cloth out of a vote which has to be authorized by this parliament. But we start them off with a loan to provide an inventory of $450,000 worth of cloth.

Mr. Monteith: When that inventory is used up that money can be spent again for more inventory without coming back to parliament?

Mr. Abbott: It is a revolving fund. The fund has been used to buy cloth. It is sold to the clothing contractor and the price goes back into the revolving fund. That is the essence of a revolving fund.

Item agreed to.

DEPARTMENT OF TRANSPORT

Canal services—

606. To provide for expenses in connection with the St. Lawrence ship canal surveys and investigations (including St. Lawrence seaway investigations)—further amount required, $200,000.

Mr. Green: On this item I was asking particulars of the payments made for professional and special surveys.

Mr. Chevrier: On this amount of $200,000?

Mr. Green: Yes.

Mr. Chevrier: It is divided as follows: $30,000 for aerial surveys in the international rapids section of the river; $120,000 for field surveys and borings made in the Lachine section, the international section and the Cornwall section; and finally $50,000 for a hydraulic model of a section of the St. Lawrence which is also in the international section, that is the Cardinal-Iroquois area, which was constructed at the request of the special projects branch of the Department of Transport by the national research council. It was found advisable to have a model in case it should become necessary in connection with the development of the seaway. That model has been used and has proven its value.

Mr. Green: To what persons or firms were payments made?

Mr. Chevrier: They were made to individuals. In the case of field surveys, in the Cornwall and Lachine sections they were made to employees of the department, drillers, field men. Speaking from memory, I think there are about forty or fifty people employed by the public projects branch in the Lachine section and in the international section.

Mr. Green: Casuals?

Mr. Chevrier: Some of it is casual and some of it is professional. I would think there are four or five engineers employed in that area. They have charge of the borings. They have taken borings in the Apple Hill area. They have taken them in the Montreal area, in Laprairie basin, at Cornwall and at Cardinal. It has been necessary to let out a number of small subcontracts in order to assist the drillers. They would be perhaps $2,000 or $3,000. That is included in this.

Mr. Green: What about the aerial survey?

Mr. Chevrier: The aerial survey—again I speak from memory—was made by Photographic Surveys for the purpose of making a map of the international section.

Mr. Green: That is a private firm?

Mr. Chevrier: Yes.

Item agreed to.

614. To provide for reimbursement of the Department of Transport stores account for the value of stores which have become obsolete, unserviceable, lost or destroyed, $12,275.

Mr. Green: This item has to do with the Department of Transport stores account. The minister will remember we had quite a discussion about his stores account three or four years ago. I wonder whether he could explain this item.

Mr. Chevrier: I remember the discussion that took place in the house quite well. Since then, however, the Financial Administration Act has been passed and that act provides that the minister of any department where stores become obsolete must, in order to dispose of them, get the approval of treasury board. In this item of $12,275 there is $9,535 representing obsolete stores. I might give two examples. In the case of the Trent canal the disposal of the tug *Fenelon* rendered obsolete certain spare parts. On the Cornwall and Lachine canals we have moved from manually operated gates to electrically operated gates, and it has become necessary to dispose of certain canal equipment and spare parts that are no longer of use.

At Gander—I move now to air services—it has been found necessary to dispose of certain English type motorcycles. Spare parts are practically impossible to obtain. There is also a large quantity of carbon paper that has deteriorated to such a state that it can no longer be used. Stocks of various departmental forms have become obsolete through revisions of those forms. Then there is also a list of hardware goods that have become obsolete; also oils, greases and things of that kind that have become stale and can no longer be used because they have been there for so long. Under section 60 of the Financial Administration Act it has become necessary for the minister to report these things to treasury board, and I understand that treasury board has approved of this.

Item agreed to.

Civil aviation division—

616. Control of civil aviation, including the administration of the Aeronautics Act and regulations issued thereunder—further amount required, $46,000.

Mr. Green: This item deals with control of civil aviation, including administration of the Aeronautics Act and regulations issued thereunder. Apparently there has been some difficulty between Canada and Australia concerning the right of Canadian Pacific Air Lines to have a weekly service between the two countries. I had a press dispatch which seems to have become mislaid, but it was dated earlier this month and indicated that it was unlikely that an agreement could be

reached with the result that C.P.A. would not be able to fly to Australia. Can the minister tell us what the situation is at the present time?

Mr. Chevrier: I do not think there is any decision that C.P.A. cannot fly to Australia. On the contrary, C.P.A. can fly to Australia. The only point was a greater frequency of the service. I did not expect this matter to come up and I must draw on my memory. My recollection is that C.P.A. was applying for a higher frequency of service.

Mr. Green: Once a week.

Mr. Chevrier: I think that is it. They are operating now on a temporary permit, and there has been no question of the Australian government not renewing the temporary permit. When C.P.A. applied through the Department of Transport for increased frequency I am informed that the government of Australia countered with a proposal for additional facilities in Canada. For instance, I think they asked for a through service to London via Montreal. That really is the state in which the matter stands at the present time. Canadian Pacific Air Lines is not affected in any way in its right to fly under the present schedule of service, but the additional frequency is being held up until attention can be given to the demand from Australia.

Mr. Green: The Australian air line flies into Canada twice a week, does it not?

Mr. Chevrier: I believe it does.

Mr. Green: Apparently C.P.A. is only allowed to fly to Australia once every two weeks and cannot maintain that operation unless it is allowed to fly every week. Is that not the position?

Mr. Chevrier: No, I would not say that. While C.P.A. would like to get greater frequency, I do not think they are too anxious about the whole position.

Mr. Green: The minister feels that some agreement can be worked out so that the service to Australia by C.P.A. will not have to be discontinued?

Mr. Chevrier: Oh, I would hope that it would not. It is my strong hope it will not be discontinued and that it will be possible to find ways of increasing it.

Item agreed to.

[Mr. Green.]

Air transport board—

618. Subventions for air carriers, as detailed in the estimates—further amount required, $80,000.

Mr. Winch: I asked that this item stand so that the minister could explain the situation with respect to the requirement of an additional subvention of $80,000 which I understand is for Queen Charlotte Airlines. I ask the question in view of the situation that has existed during the past year where Q.C.A. has had a virtual monopoly on certain runs and some other companies have said that they were prepared to go in there without any subvention.

Mr. Chevrier: Queen Charlotte Airlines has no monopoly. Last year and again this year Q.C.A. found itself in very difficult economic circumstances, and the government decided to come to its assistance rather than abandon some of the services that it was providing. For instance, if it were not for the subsidy which the government granted last year and the subsidy which is in the estimates this year it would not be possible for Q.C.A. to fly from Vancouver to Tofino on the west coast of Vancouver island, from Vancouver to Alert Bay and the Minstrel island area, and from Vancouver to Powell River. These are services which were considered essential by the government, and on the assurance from Q.C.A. that, with this additional subsidy, they would be able to provide the service we decided to put this amount in the estimates.

Mr. Green: Apparently the minister's department has authorized some investigation into the affairs of Queen Charlotte Airlines. I have here a press dispatch from the Vancouver *Sun* of March 22, a week ago today. It reads:

> Investigation of the operations of Queen Charlotte Airlines is being conducted by the Department of Transport and the Vancouver firm has been ordered by the government to "put its affairs in order".

The dispatch goes on to say that there has been competition from another line, Pacific Western Airlines, which does not ask for any subsidy, and it quotes the minister as saying, with respect to Q.C.A.:

> We told them to put their house in order on their profitable lines. Then we'll see what can be done to maintain service on their unprofitable lines.

The dispatch continues:

> The minister stated flatly that it is not the government's policy to subsidize air lines and he admitted that Ottawa has been embarrassed by the necessity to aid the losing air line.

That report may not be correct, but would the minister say something about it?

Mr. Chevrier: Part of it is correct, that part which says that we are conducting an investigation to ascertain which portions of this line are unprofitable and if there are services that are unprofitable. If there are services that are unprofitable they should be cut out so we would not have to pay the subsidy. In any event, I think it is essential we carry on this investigation while the subsidy is being paid to ascertain which of these services are necessary from a public standpoint, and which are not. Those which are not necessary certainly should not be subsidized.

Mr. Green: Is there to be a subsidy in the coming fiscal year?

Mr. Chevrier: This covers the present year from December 1953 to April 1954.

Item agreed to.

Resolutions reported, read the second time and concurred in.

WAYS AND MEANS

Hon. Douglas Abbott (Minister of Finance) moved that the house go into committee of ways and means.

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

Mr. Abbott moved:

Resolved, that towards making good the supply granted to Her Majesty on account of certain expenses of the public service for the fiscal year ending 31st March, 1954, the sum of $98,214,350 be granted out of the consolidated revenue fund of Canada.

Motion agreed to.

Resolution reported, read the second time and concurred in.

Mr. Abbott thereupon moved for leave to introduce Bill No. 392, for granting to Her Majesty certain sums of money for the public service of the financial year ending March 31, 1954.

Motion agreed to and bill read the first time.

Mr. Deputy Speaker: Shall this bill be read the second time now?

Mr. Knowles: By leave.

Mr. Abbott moved the second reading of the bill.

Motion agreed to, bill read the second time and the house went into committee thereon, Mr. Robinson (Simcoe East) in the chair.

On clause 1—*Short title.*

Mr. Knowles: May I ask if the bill has been printed?

Mr. Abbott: Yes, I have a copy here. I thought I handed it to someone to give to my hon. friend. I believe this will be appropriation bill No. 2.

Clause agreed to.

Clauses 2 and 3 agreed to.

Schedule agreed to.

Preamble agreed to.

Title agreed to.

Bill reported.

Mr. Deputy Speaker: Shall this bill be read a third time now?

Mr. Knowles: By leave.

Mr. Abbott moved the third reading of the bill.

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

At six o'clock the house took recess.

AFTER RECESS

The house resumed at eight o'clock.

EXTERNAL AFFAIRS

REFERENCE OF ESTIMATES OF DEPARTMENT TO STANDING COMMITTEE

The house resumed, from Friday, March 26, consideration of the motion of Mr. Pearson:

That items Nos. 84 to 103 inclusive, of the main estimates, 1954-55, be withdrawn from the committee of supply and referred to the standing committee on external affairs, saving always the powers of the committee of supply in relation to the voting of public moneys.

Mr. E. D. Fulton (Kamloops): Mr. Speaker, on Friday evening at ten o'clock I was just dealing with some of the references made by the Secretary of State for External Affairs (Mr. Pearson) to the need for consultation. I had made the point that consultation should involve more than mere consultation between governments to work out a course of action in external affairs, but that this parliament had the right to be informed by the government as to what its policies and intentions are in this matter; and in that sphere I had directed attention particularly to the question of the government's intention with respect to the Geneva conference. I had suggested that we are entitled to receive some assurance from the minister as to what the Canadian delegation at Geneva will do, and even more particularly what it will not do, in the way of making concessions to communist delegations.

I should like now to discuss this matter of consultation in its international aspects. I think that in addition to a clear explanation from the minister as to what the policies of the Canadian delegation will be at Geneva, we are also entitled to a clear explanation from the minister and the government as to how, in their view, the international consultation that he referred to as being so necessary, and to which he referred at such length, is going to be achieved.

I am not going to follow him in all the tortuosities of his interpretation and his misgivings, and his subsequent reassurance as to the meaning of a speech made on January 12 by the Secretary of State of the United States. I must say that to me, at any rate, it seemed that his belief that he had received an undertaking that there would be consultations is like a certain form of hypnosis, that is to say it was self-induced. I can see nothing in the various statements of the minister, and the subsequent statement by Secretary Dulles, which would entitle the government, this House of Commons or the nation to believe that it had an ironclad assurance any more after the minister had spoken in Washington on this matter of consultation than before he had spoken.

The minister himself has told us that he took exception to three words in the speech of Mr. Dulles, when Mr. Dulles was outlining what is sometimes called the new concept of defence policy. Those words were "instantly", "means" and "our choosing". Using those words in the full context of the sentence, we find it reads in this way:

> The basic decision was to depend primarily upon a great capacity to retaliate, instantly, by means and at places of our choosing.

The Secretary of State for External Affairs told us that in his view, after he had made his statement in Washington, all three of those words had been satisfactorily explained; so that he now felt, he said, very much reassured that American policy did not mean that there would be instant action or reaction on their part without consultation with their allies.

But, Mr. Speaker, if the minister was worried before he went to Washington, I can see no reason for his satisfaction now. The problem of course is, and always has been, one of consultation. Well, what did Mr. Dulles say about this matter of consultation which would justify the minister in that feeling of reassurance which he says he has? The minister did not summarize the effect of Mr. Dulles' subsequent reassuring words. As I recall them, it seems to me that the effect of what Mr. Dulles had subsequently said was something very much like this: Certainly, we will as a general rule consult you before acting in any international situation, and we will consult you wherever possible.

What other answer could be given? But I think we are entitled to ask: What sort of assurance is this? Here is one of the sentences used by the Secretary of State of the United States as quoted by our own minister at page 3330 of *Hansard*:

> In no place did I say we would retaliate instantly, although we might indeed retaliate instantly under conditions that called for that.

Well, that is just the point; what sort of assurance is that? What is the difference after that statement was made from what it was before it was made? In fact, it seems to me that it is pretty fatuous to say that we now have an assurance that there are ways of consultation, and that we have any right to be more reassured now than we were before. I think the fatuity that would there apply is made clear by the minister's own summary, as it is set out at page 3331 of *Hansard*, where he said:

> Mr. Speaker, I think the effect of this exchange of views, this conference, these statements and these clarifications has been that we now have a fairly clear and reassuring idea of what this new strategy and this new planning for defence is. One thing this interpretation does make clear is that diplomacy and consultation, which is part of diplomacy, is under this doctrine not less important but more important than ever before.

Well, the whole atomic age and the speed with which things move, as well as the terrible and devastating results of atomic attack obviously make consultation more important than ever before. Then the minister goes on to say:

> Any decisions must surely be collective, whenever that can be done, before action has to be taken.

Well, of course they should be collective. But the great question is—and it is the great and unanswered question; and until it is answered I cannot see how we can accept the minister's feeling of reassurance—when can that be done and what means are being worked out to ensure that it will be done? Until we have that answer it seems to me that a statement of that sort—"Any decisions must surely be collective, whenever that can be done, before action has to be taken"—leaves us perhaps even in a more uncertain frame of mind than we were in before.

The next question is: What decisions are meant? Is it decisions as to general objectives, or decisions as to methods of retaliation, or decisions as to circumstances under which any sort of policy or retaliation will be followed; what sort of decisions are meant?

Then the other great question is: When can and when will that be done? What measure of agreement between nations is there

as to when it can and will be done? And so we are left with the essential problem on which I maintain we are entitled to be informed by the government: What does this government intend to do to assure that there will be brought into existence, if it does not exist now, adequate machinery so that there will be prior consultation, and that there will be agreed courses of action before those courses of action have to be implemented, in other words before the event of any Russian attack. Because, as I see it, there is not anything now in existence to ensure that there will be always that prior consultation and those agreed courses of action which can be set in motion immediately.

It seems to me that no country, least of all the United States, can contemplate the sort of delay that working out an agreed course of action might entail, after an attack against the West had been commenced. Therefore in the absence of evidence that there exists that consultative machinery now, which will enable us to arrive at an agreed course of action before attack, I cannot see any reason for reassurance, or any reason why the minister should be more satisfied after he was in Washington than before he went to Washington.

I should like the minister to tell us what is the Canadian policy, because certainly no country has a greater stake in this matter than Canada. What is the Canadian policy? What courses are we going to urge upon our allies in the North Atlantic Treaty Organization to make sure that that organization becomes and is used as a consultative machinery to enable us to work out those great courses of action in so far as that is humanly possible in advance of a Russian attack? I say, "in so far as that is humanly possible" because it seems to me that where it is not possible—and we cannot anticipate every potential attack that may be made and where it may be made and when it may be made by the Russians or by any other aggressor—there has to be good faith and not all this trouble and to some extent these unrealistic misgivings that our allies intend almost to react or to act without consulting with us. But in those acts which cannot be foreseen and where even general principles cannot be worked out in advance, then we do have to rely upon good sense and mutual understanding.

I should like to return to another aspect of this whole matter of consulting which seems to have worried the minister so much, but on which he has also left us, or in certain very important aspects of which he has left this house, this parliament, in the dark. I refer there again to the matter of consultation or information, if you like, between the Canadian government and the Canadian parliament. That it seems to me has become a very immediate problem in the light of the developments which have taken place in our foreign policy, and particularly in the light of the fact that Canada has now undertaken commitments under a treaty of alliance, which is a relatively new departure in this country. It is interesting to note that the minister made an implied condemnation of Mr. Dulles for what he said by almost a suggestion—that is, before it was satisfactorily explained—of a return to a continental security complex. Here I read what the minister said at page 3329 of *Hansard* of his statement on Thursday. After analysing what Mr. Dulles might have meant in his January 12 speech, he said:

> And yet, if we relied too much on that and depreciated the importance of local defence, that would be interpreted in many countries as meaning that some countries were expendable. And I doubt if we could maintain a coalition, even NATO, very long, on that basis. Inevitably there would be a retreat to isolation.

Therefore, Mr. Speaker, this was by inference, as I read it at any rate, suggested by the minister as being a possible interpretation of Mr. Dulles' speech. The minister went on:

> There would be a move towards what sometimes is called continental security, both in North America and—and this is sometimes forgotten—in Europe itself.
>
> But security of this variety, continental security, is a delusion, because, and I think the house will agree with me, there can be no continental security without collective security. And there can be no collective security without collective arrangements for collective action.

Well, as I say, it is interesting to trace developments in this country, and it is interesting to contrast that with what was Canada's policy just four short years ago when, in the clearest possible language, the Prime Minister himself outlined the policy of continental security, that particular policy which the minister has said it would be so wrong for the United States or anyone else to put forward today. I am reading now from page 680 of *Hansard* for the second session of 1950. You will recall, Mr. Speaker, that this session was called not very long after the outbreak of war in Korea, and the Prime Minister was discussing Canada's position with respect to sending forces to Europe under the North Atlantic Treaty Organization. He said that what we were going to do was to make $300 million available. We were not going to make any commitments to send troops to Europe under the North Atlantic Treaty Organization because he said:

> I say that because it seems perfectly obvious to me that if we are to get the greatest possible effective strength in Europe for the money and resources we devote to national and international security, $300 million spent on the equipping and

arming of men already in Europe, men who are there, who have to be fed, clothed and lodged even if they are not armed, is going to provide much larger forces than the expenditure of the same amount of money in raising, equipping, arming, training, feeding, clothing and sheltering young Canadians who would, under the present condition of full employment, have to be drawn from the productive stream of this nation.

And the Prime Minister at another point on that same page said to an hon. member who had asked him a question:

I will say to him at once that the government of Canada at this time is not considering the raising of Canadian forces to dispatch to Europe as a deterrent to aggression in Europe.

So that we can say that just four short years ago no country was following more clearly and laying down more clearly a policy of continental security; that the job of European defence is a job for the Europeans. Surely, we shall help them with money and so on, but we are not going to help them with armed forces because their defence is primarily their own problem. And four short years later, not even four full years later, our Secretary of State for External Affairs condemns what he says is the implication in Secretary Dulles' speech of the return to continental defence policy.

It is interesting to see how far we have come in those four years along lines which I think we now all agree are correct; and the development which is important there is that we now have forces in Europe. We have a brigade group, we have an air division. The question now before us and the question with which most hon. members will agree with me is one that we are entitled to demand that this government should answer is: What happens under these conditions to the concept which has always been the accepted principle in Canada that there shall be consultation, not only between governments but between government and parliament before Canadians are permitted to act?

One recalls the history of discussions of this type. One realizes immediately that it has always been the accepted principle that the government will consult parliament, not only before there shall be declaration of war particularly but even before committing Canadian troops to military action. We can remind ourselves of what the Secretary of State for External Affairs said in March 1949, when he was discussing the North Atlantic treaty which had then just come into effect. At page 2098 of *Hansard* of March 28, 1949 the Secretary of State for External Affairs is reported to have said:

I need hardly add that if, in spite of our efforts to keep the peace, some member of this alliance is attacked and we are called upon to fulfil our

[Mr. Fulton.]

commitments, this country, this parliament and this government will act with the necessary determination and dispatch. So far as this government is concerned, Mr. Speaker, in the face of a national emergency so grave as to call into force our commitments under this pact, it would immediately desire to consult parliament. This has now become a regular procedure in our history, and no one of course would wish to depart from it. No government could fulfil the responsibility which action under this treaty would impose without being certain of the support of the people of this country expressed through their representatives in parliament.

There we have the principle enunciated by the Secretary of State for External Affairs in the first discussion of the North Atlantic treaty that before committing our forces to action we would consult parliament. If that were not definite enough the minister repeated himself on September 6, 1950, at the special session, where his remarks are reported at page 351 of *Hansard*. May I just remind the house that article 5 of the North Atlantic treaty states:

The parties agree that an armed attack against one or more of them in Europe or North America shall be considered an attack against them all; and consequently they agree that, if such an armed attack occurs, each of them, in exercise of the right of individual or collective self-defence recognized by article 51 of the charter of the United Nations, will assist the party or parties so attacked by taking forthwith, individually and in concert with the other parties, such action as it deems necessary, including the use of armed force, to restore and maintain the security of the North Atlantic area.

It was in the light of that commitment and speaking on this subject at a later date that the minister said as reported at page 351 of *Hansard* for September 6, 1950:

If there is an attack made on a member of the North Atlantic group, that is an attack on all the members of the group.

He was then asked by the hon. member for Vancouver-Quadra (Mr. Green):

Including Canada?

And the minister answered:

Including Canada.

After some further words which do not change the substance of the quotation the minister said:

Parliament would then decide whether an attack had or had not been made on Canada. If parliament decided that such an attack had been made and we were at war, it is the custom of Canadians when they are attacked to fight back with materials and with men.

Then a little later he said:

I thought I had made that clear. An attack on western Germany which involved Canada by the decision of its parliament and its obligations under the North Atlantic pact would be met by materials and men.

What then is the position in the light of the fact that we have a brigade in Europe? Supposing the Russians attack in Germany

or in Austria. What is the position? What is the relation between the government and parliament if that development should occur while Canadian troops are in Europe? Are they to wait there until the government consults parliament?

The minister has laid great stress on this matter of consultation in the international sphere, but he has left us in the dark on the question of national consultation. The minister said on Thursday last, as reported at page 3330 of *Hansard:*

> There is a second word to which I devoted some attention in my Washington speech, and that was the word "instantly". That word, in connection with the strategy we are discussing, involves no problem, as I see it, if there is a direct attack on your own territory, or indeed possibly on the territory of your neighbour, because then it becomes a question of self-preservation and quick, effective, and instant action is essential and would be taken by any country attacked. No one, I believe, would take exception to that.

What happens then in the light of those statements and in the light of the present position in Europe with Canadian forces there in an atomic age with the possibility of atomic attack? What happens to the principles enunciated in 1949 and 1950?

I conclude, sir, by repeating my position. This parliament is entitled to demand from the government a statement as to government policy on these issues. We are entitled to know from the government what they would do with respect to the matter of consulting parliament in this sphere in the event of an attack in Europe.

Mr. A. M. Nicholson (Mackenzie): Mr. Speaker, I believe this has been quite a useful debate and I believe it wise that hon. members should periodically discuss international affairs in the world today.

I read some of the remarks made yesterday by the Secretary of State for External Affairs (Mr. Pearson) and I must congratulate him on his speech. The minister said as reported in this evening's newspaper:

> If the nations of the world engage in a third world war, civilization would be destroyed, external affairs minister Pearson warned Sunday. . . Mr. Pearson said that "horrible devastation" would be brought about by the new atomic and chemical weapons devised by men.
>
> "Should we ever get into world war III, there probably won't be more than a handful of people left", Mr. Pearson said.
>
> He referred to the hydrogen bomb explosion in the Pacific and said he was glad that the public was now becoming acquainted with the fantastic power of the weapon. "That one bomb in the Pacific was more devastating than all the bombs dropped on Germany and Italy during the last war."

The minister then blasted communism and used language similar to that often used in the house. He went on to say:

> "But we will never defeat communism unless we understand it. We must have faith and a positive approach. We have to confront communism with something stronger and more dynamic."
>
> There was little danger of communism triumphing in Canada, Mr. Pearson observed, so long as the people held to a "living belief". If they did not, the country would go by default.

Later on the minister added:

> "So often in the international field today, problems are not all black and white. They are often in terms of grey and it is hard to find what is right and what is wrong".

Tonight, Mr. Speaker, I wish to deal with that suggestion that everything is not black and white. If I thought world war III were inevitable I would probably be using the sort of language used by the Leader of the Opposition (Mr. Drew) and the leader of the Social Credit party (Mr. Low) in this debate. But I do not believe that we are going to have a third world war. I could be wrong; it is possible that we could have war, but I have no interest in being in this world if I am proved wrong. I believe that as long as there is a possibility that we can solve our problems peacefully we should refrain from using the sort of language used by the leader of the Social Credit party the other day when he took our leader to task. The hon. member said, as reported at page 3346 of *Hansard*:

> This afternoon the C.C.F. leader said that we have got to live with the communists. I ask, "Is that right"? He says that the only alternative is to exterminate them or to be exterminated. In the light of these things, what should our policy be? Should it be our policy to resign ourselves to the hopeless future of trying to live with the devil himself?

Later on he said:

> Of course it would mean the extermination of the venal tormentors and betrayers of humanity. Certainly it would, but better a few men should perish than the whole earth should waste.

Likewise, the Leader of the Opposition, winding up his speech on January 29, as reported at page 1622 of *Hansard* said:

> Let us prevent this supreme catastrophe but, Mr. Speaker, let our voices be raised in a way that will leave no doubt that in Canada we want no bargain with the devil.

In the home in which I was brought up I was taught that that was a naughty word, and I went to the library to find out what it meant. There were quite a few definitions and I shall not place them on the record, but those of us who have some respect for the teachings of our parents would, I believe, wish that hon. members should refrain from using that sort of language. We have a great

many words in the English language and I think hon. members who wish to express themselves should be able to find other words.

I wish to place myself in line with the leader of the C.C.F. party and the hon. member for Nanaimo (Mr. Cameron), and to make sure I will be in good company I would like to call Sir Winston Churchill as our witness. I believe it is important that we should emphasize that the record in the present situation is not all black and white. We are not arrayed in snow-white garments and I do not believe the people behind the iron curtain should be described in the sort of manner in which they have been during this debate. Sir Winston Churchill said on May 19, 1953:

> It is the policy of Her Majesty's government to avoid by every means in their power doing anything or saying anything which could check any favourable reaction that may be taking place and to welcome every sign of improvement in our relations with Russia.

A little later on he said:

> It would certainly do no harm if, for a while, each side looked about for things to do which would be agreeable instead of being disagreeable to each other.

And a little later:

> We all desire that the Russian people should take the high place in world affairs which is their due without feeling anxiety about their own security. I do not believe that the immense problem of reconciling the security of Russia with the freedom and safety of western Europe is insoluble. Indeed, if the United Nations Organization had the authority and character for which its creators hoped, it would be solved already.

Therefore, Mr. Speaker, with Sir Winston Churchill, the hon. member for Nanaimo (Mr. Cameron) and the leader of this group, I think we should try to realize that we are confronting very complex problems and that we want to explore every possible avenue to solve those problems without resorting to war. Let me remind the house, particularly the Leader of the Opposition and the leader of the Social Credit party, of the words in the preamble of the charter of the United Nations:

> We the peoples of the United Nations determined to save succeeding generations from the scourge of war, which twice in our lifetime has brought untold sorrow to mankind, and to reaffirm faith in fundamental human rights, in the dignity and worth of the human person, in the equal rights of men and women and of nations large and small, and to establish conditions under which justice and respect for the obligations arising from treaties and other sources of international law can be maintained, and to promote social progress and better standards of life in larger freedom, and for these ends to practice tolerance and live together in peace with one another as good neighbours, and to unite our strength to maintain international peace and security, and to ensure, by the acceptance of principles and the institution of methods, that armed force shall not be used, save in the common interest, and to employ international machinery for the promotion of the economic and social advancement of all peoples, . . .

I think one should not be branded as a fellow traveller or as using words that have not been used since Fred Rose was here when one suggests that Canada should be going "all out" to try to see if some method cannot be found to reconcile the differences which are very real between two giants, the one to the north and the other to the south.

I think it is a pity that Canada has not done as effective a job probably as has India in trying to bring together those great forces. I think it is unfortunate that the Secretary of State for External Affairs (Mr. Pearson) was not acceptable as secretary general of the United Nations. I am sure that people in all parts of the world have great admiration for him. Partly because of the policy of his government I think Canada failed to take the sort of stand that should have been taken on a number of occasions and thus prevented the Secretary of State for External Affairs from having one of the most important positions in all the world. I therefore think, Mr. Speaker, that Canada should be working harder than we are to promote better international understanding.

I think it was the hon. member for Simcoe North (Mr. Ferguson) who suggested that the Leader of the Opposition should be supplied with an R.C.A.F. plane for a trip around the world. I should like to develop that suggestion. It is my opinion—and I made this suggestion before the Prime Minister (Mr. St. Laurent) left—that someone from Canada should visit the U.S.S.R. I must say that, after I made my remarks, I had quite a number of letters, and they were all of a complimentary nature. I am surprised that some people thought that all I had to do was to make the suggestion and that the Prime Minister would have changed his itinerary and included a visit to Moscow; but the arrangements were made. I am sure the Prime Minister did not resent my suggestion.

I think we are all proud of the fact that our Prime Minister has been such a good ambassador in so many countries, and I hope he will live long enough to have a visit to the U.S.S.R. But in the meantime I would suggest, in all seriousness, that an effort be made to send from the Canadian parliament a delegation to visit the U.S.S.R. I hope that Your Honour the Speaker would be persuaded to lead the delegation and that

the Secretary of State for External Affairs, the Leader of the Opposition, the leader of the C.C.F. group and the leader of the Social Credit group would be members of it. Then I think the women should be represented. We have three women on this side of the house. I think they should select one of their number and I feel that the hon. member for Timiskaming (Mrs. Shipley) should be on it. Then we are fortunate in having in the hon. member for Spadina (Mr. Croll) someone who was born in Russia. Although he has not had a chance to speak the language for some time, I am sure that he could, without too much trouble, act as interpreter for the group. I make this suggestion in all seriousness.

I think it is a great pity that the hon. member for Winnipeg North Centre (Mr. Knowles) has been the only member of the Canadian parliament who has made an effort, as far as I know, to visit the U.S.S.R. since the war ended; and no one has ever suggested he was a communist because he had gone there or that his visit had converted him to communism. But I think the visit that was paid by the hon. member for Winnipeg North Centre at least made a start in trying to convey to the people of the U.S.S.R. that all Canadians do not share the hatred that is expressed by some of our people who are most vocal.

I have over 2,000 people of Russian origin living in my constituency and I have no reason to think that their cousins, uncles or aunts who are behind the iron curtain are beasts or people who would not be reasonable. I am not suggesting that this delegation go there with the expectation that they would not return. I am sure they are all courageous people who would be prepared to take the risk, but I do not feel that there would be any risk at all. I think that Senator McCarthy would not be in a strong position in complaining about a group of Canadian members joining the communist party. I think that a visit such as the one I have proposed would at least indicate that Canada would like to find out a little bit more about Russia and would like to find out whether we could find a basis for agreement. I would not imagine that the Leader of the Opposition or the leader of the Social Credit party would make the sort of speeches that they made here, but if they felt like making them in Moscow I feel sure that they would find an interesting hearing. As I said, I throw out this suggestion for what it is worth. I hope that the committee that is going to consider these estimates will give consideration to it and that some time action will be taken.

I want to say a few words about the work of the United Nations, especially the specialized agencies. The hon. member for Mount Royal (Mr. Macnaughton) made an interesting speech the other night. I am sorry that there were not more in the house at the time to listen to it. He made in quite a friendly tone some remarks to which I think the minister and the department should pay some attention. He complained about the fact that we are giving very poor publicity in Canada to the work that is being done by the United Nations and the specialized agencies. He mentioned the fact that the C.B.C. has not a full-time person at the United Nations and that the Canadian press is not represented. None of the wealthy papers, or none of the syndicates in Canada are represented. I think we should not put the blame on the newspapers. I think it is a pity, though, that the work that is being done at the United Nations is not being relayed back to Canada as actively as it is being carried on.

I am happy to say that in Canada up to the moment there is not any active opposition to the United Nations. South of the border I found quite a number of publications at United Nations headquarters to answer the anti-United Nations propaganda there. Here is one that I brought back. It is entitled "The United Nations—Facts and Fallacies". It outlines some of the fallacies and gives the answers. Among the fallacies mentioned are:

> The U.N. threatens to destroy U.S. sovereignty . . .
> The U.N. charter threatens the destruction of our constitution . . .
> The U.N. is a nest of communist spies . . .
> The U.N. is controlled by Soviet Russia and communists . . .
> The U.N. dragged the U.S. into the Korean struggle . . .
> The U.N. can send American boys to fight anywhere any time . . .

Then there is this one:

> The U.N. does not name God in its charter, does not open its meetings with prayer, and is therefore atheistic.

Again:

> The U.N. costs too much. It is a heavy burden for the U.S. taxpayer to bear.

And so on.

I am very happy as I said that we have no organizations in Canada that are active in trying to get the Canadian government to reduce the very small expenditures that have been made for the work of the United Nations and the specialized agencies, but I would remind the minister that the hon. member for Mount Royal pointed out that we are only paying 10 cents per person per

year for the work of the United Nations and another 10 cents per person for the work of the specialized agencies. That is not good enough. If we can spend $2 billion on our defence program I think we can spend more than 20 cents per person per year for the work of the United Nations and the specialized agencies. The Canadian people are, I think, tremendously concerned about the fact that two-thirds of the people of the world are hungry all the time. We know that we have food and could produce more. We have the know-how, and we should be doing something to bring about a realization of the aims and objectives of the food and agriculture organization.

Speaking on the 10th of February, the minister made reference to the work being done by the specialized agencies. He told us about the amazing results achieved by the common hoe, of the farmer from Arkansas who obtained great results by introducing the hitherto unheard-of common hoe. Apparently 30,000 hoes were sent. Having spent some time at the business end of a hoe, I know that it is an effective weapon, but I think that anyone who can operate a hoe can in a reasonable period of time operate a tractor. I think that most people in this day and age, having had experience fighting weeds both with the tractor and cultivator and the hoe, will prefer to use tractors, discs, one-ways and cultivators to eradicate this enemy, the weed. But it is possible that having a hoe is better than having no hoe, and until we can get our tractors over there it is probably a very good thing to send a few thousand hoes. But I think that we should be spending more than 10 cents per Canadian per year to try to get the productive areas in the world producing food.

Then we have the world health organization. Half the people of the world are sick all the time. If we have the good fortune to choose Canada for our birth place we can hope to live longer. I think the age is going up all the time. According to the last figures I saw it was 64 for males and 69 for women. But in half of Asia you cannot hope to live beyond the age of 30. With half the people in the world unable to read or write they are not going to make very rapid progress in solving the problems of shortage of food and shortage of nurses and doctors.

Therefore I submit that the Secretary of State for External Affairs must get backing from parliament to make additional funds available, and Canadian delegates at the United Nations must be able to give more leadership with a view to tackling the problems of hunger, illiteracy and sickness throughout the world. I might add that in preparing my remarks for this evening I got in touch with the minister's office to try to get some up-to-date information as to just what Canada has done in the fields of technical aid, UNESCO, health and agriculture. I was very kindly referred to the Department of Agriculture which is in close touch with FAO in Rome. The man I spoke to in the Department of Agriculture was very co-operative but apparently he had a limited amount of time in which to do a great many jobs.

I had the same experience in the department of health. When I called the branch that is supposed to be responsible for UNESCO I was told that the man who really is in charge is spending his holidays preparing a report that he could not prepare in office hours in order to have something available on the work of UNESCO. All I wanted to find out was who are some of the Canadians who have gone overseas in the fields of agriculture, health and education. The men of the departments were all very apologetic but they were not able to supply the information. They really should have it but they did not. Before a condition of active opposition to the work of the United Nations and its specialized agencies develops, I think we should make information available to the Canadian public that will challenge their imagination.

For example, Dr. Harrington of the university of Saskatchewan had an assignment in Egypt for FAO and another one in India. On his return from these places I heard him tell a most fascinating story of these FAO projects in Egypt and India. By doubling the production of rice they are going to make some contribution to relieving a condition where two-thirds of the people are hungry every year. But apparently Dr. Harrington is not known in Ottawa. I think there should be some place in Canada where information could be made available to the Canadian public about work such as Dr. Harrington and Professor Hardy have been doing.

The Minister of Labour (Mr. Gregg) had a very brilliant student in his university, the University of New Brunswick, who had a distinguished record in the air force and went to Ethiopia after graduation. I think it would be interesting to find out what he has done there but I cannot find out where he is living or what he is doing. I am sure this chap, who did such an outstanding job with the air force and at university, will be doing an impressive job in Ethiopia or wherever he is. I suggest that the minister should find the necessary funds to set up the kind of information service we had in Canada during the

war when the work of the air force, the army, the navy and the industrial machine was made known to the Canadian people. We knew as we went along something of the things we were able to achieve collectively. Even though we are only making a modest contribution to these specialized agencies, I think it is a pity to make it so difficult for a member of parliament or anyone else in Canada to find out where Canadians are, what they are doing and what they are planning to do.

I conclude my remarks by quoting the concluding paragraph in this publication of the United Nations from which I read before. It reads:

> Never has a generation had such a challenge. Never has a generation had such an opportunity. It can be done. It will be done when we the people of the nations will it so and put into full action the basic purposes and principles upon which the United Nations is founded. We the peoples . . . determined, can have the kind of world we want.

Mr. J. H. Blackmore (Lethbridge): Mr. Speaker, it has been suggested that Canada recognize the present red regime in China. To see such a proposal in its true perspective it is necessary to know, to realize and to appreciate several generally not too well recognized facts which pertain to the situation confronting us. First, the coming to power of the red regime in China was the result of red conquest, not successful red revolution. There may be discussion concerning that matter, but I am prepared to take on all comers on that proposition any time they desire to come to the committee where we can get at each other. May I suggest that the main cause of disagreement in the country and in the house between the Social Credit group, for example, and the C.C.F., between the Conservatives and the C.C.F., centres right around that point.

The C.C.F. and the C.C.F.-Liberals seem to take for granted that what has happened in China was a successful revolution, and that the government which now controls China is a Chinese party which rebelled, honestly and straightforwardly, against the existing government, and unaided and of its own will and volition, supported by the majority of the Chinese people, succeeded in defeating the existing government.

Now, if that were the case the story would be one way. But suppose it were found that at every stage for twenty-five long years the Russian government was sinisterly behind the Chinese communist organization, and wherever the Chinese nationalists defeated the Chinese organizations, the Russian government came in to support them and give every advantage. Now, that would make a tremendous difference, would it not? If what happened in that case were found to be in the process of happening all over the world, it would be a very serious situation for everybody concerned.

Mr. Studer: It would be worse than that.

Mr. Blackmore: That is right. This is the first important fact to bear in mind. The second is that the red conquest of the mainland of China was but one more step in Stalin's twenty-five-year-long campaign against the stubborn and heroic resistance of the Chinese nationalist government of China, behind which nationalist government the overwhelming majority of the Chinese people were at all times solidly standing, right up to the very end, the close of world war II. Now, that makes another serious difference.

The third important fact is that this twenty-five-year-long red campaign was characterized by a bewildering combination of cunning, duplicity and treachery such as has accompanied all the moves of an utterly unmoral, unscrupulous, unrelenting and insatiable monster. A good many who laugh may laugh on the other side of their faces if that monster gets into Canada, as it is rapidly getting in. This insatiable monster is the Turko-Mongolian-red conspiracy which the free world faces today.

The fourth fact is that this twenty-five-year-long red campaign, and the final conquest of China is but one more move by this Turko-Mongolian conspiracy in a deliberate, century-long campaign, secretly and craftily designed many generations ago, to bring the whole world into abject and perpetual servitude to an absolute world government, the personnel of which will be clandestinely selected Turko-Mongolian reds or their dupes. Now, there will be those who will doubt that such a gloomy picture could have a solid basis in fact. May I draw the attention of such people to this exceedingly serious matter, in my mind: As we trace and study all the conditions in the United States concerning red spies in the administration, we find that these red spies are chased from one section to another of the administration until they are finally weeded out, and then where do they go? They go to the United Nations.

Mr. Philpott: Nonsense.

Mr. Blackmore: Once more—

An hon. Member: Name them.

Mr. Blackmore: I could easily name them.

Mr. Ellis: Give us one name?

Mr. Blackmore: I have them right here and when the time comes and we get into committee, I will take on all the C.C.F. group, one at a time, on this proposition, and establish the proposition beyond any shadow of a

doubt. I have the document right here which will establish the matter quite rightly.

Mr. Philpott: What is the name of it?

Mr. Blackmore: It is the report of an eminent body in the United States that everyone will accept once it is given. I do not propose to cover that tonight. I am speaking in purely general terms and our object is to determine whether or not, in the face of existing circumstances, Canada is wise in even considering the recognition of Red China.

The fifth extremely serious fact is that this twenty-five-year-long Red campaign and final conquest of China was decisively aided and abetted by the communist organization in the United States. Prominent among the communists and communist dupes whose efforts defeated Chiang Kai-shek was for example Lauchlin Currie. There is one of your men. He is not in the United Nations as yet, but he is on his way. As an example of the kind of thing that was done, this communist Lauchlin Currie signed an order, written on White House stationery, ordering that none of the mountains of captured guns and ammunition held in the possession of the United States be sent to Chiang Kai-shek and his friends in China. This was done in spite of the fact that General Eisenhower and his advisers ordered a vast amount of that material to be sent to friends of the United States in China. Now how many moves like that in the United States administration would it require to destroy all possibility of Chiang Kai-shek standing up against the innumerable communists who were pouring down from the north?

Here is another serious point. I give only one illustration, but I could give dozens of them if it were fitting to give them tonight. The sixth very important fact bearing upon this whole matter is that Russia and her satellites, her immediately prospective victims, as well as the whole of the free world, would immediately look upon Canadian recognition of China as another surrender to Russia and consequently another victory for Russia.

The seventh important fact is this: Bearing in mind what has been happening for thirty-five years now, any Canadian government official who can believe that recognizing Red China could persuade Red China to desist from further attempts at conquest must be regarded as naïve, if not puerile.

Contemplating these seven facts, one must, I submit, agree that under present circumstances for Canada to recognize the red government in China would be for Canada to give comfort to her greatest enemy, and incidentally the greatest enemy mankind ever saw on the face of the earth, and to scatter dismay among the world's millions of her friends and potential friends.

Once again may I say that if I am wrong in the assumption that there is a conspiracy of men working together consistently and determinedly and unscrupulously for conquest of the world; if I am wrong in that assumption, I say, then the validity of my whole position naturally would be weakened. But the evidence I have been able to gather in the last few years indicates beyond peradventure that I am right in my assumption.

Now, just to give a bit of the evidence: I know in this strange generation, in which everything is denied and controverted, it is extremely difficult to find witnesses, documents or authority that any considerable number of people will accept. Nevertheless we must try to find such documents—those of us who cannot go to every individual corner of the globe and acquire all the knowledge there is to be acquired. And we are all in that class. It is therefore of importance that we have some documents which might reasonably be accepted as authentic.

I wish to read to the house the last two paragraphs of an open letter dated August 31, 1953, for release on September 6, 1953, from the American China Policy Association, Incorporated, located at No. 1 west 37th street, New York 18, New York. These paragraphs are as follows:

> Is it true that some of the foreign service officers are still pressing for recognition of Red China, which we all know would mean Chinese consulates from Pearl Harbor to Boston, loaded with spies;

Then, second:

> our 80,000 Chinese non-citizens in this country delivered over to the ruthless power of Red China;

And, third:

> —and which would amount to notice to Japan, the Philippines, and the rest of Asia that they had best make their deals with Red China before it is too late?
>
> In short, Mr. Secretary, will the sound advice the president is sure to get from you, Senator Knowland, Congressman Judd, etc., be, as before " . . . challenged by reports from certain foreign service officers . . . praising the communists and recommending a course of action directly contrary . . ."?
>
> Very sincerely yours,
> George Schuyler, President
> American China Policy Association, Inc.

The general tone of those words seems to indicate that what I have said is probably based upon a considerable amount of solid realism. This letter was written to the Hon. Walter S. Robertson, assistant secretary of state for far eastern affairs, Washington, D.C. As I have indicated these paragraphs show

clearly that the American China Policy Association believes that recognition of Red China would mean, first, the establishment of Chinese Red consulates in Canada, and I am applying this to Canada, just as the letter applies to the United States. It would involve Chinese consulates in Canada, each filled with swarms of the most evil enemies Canada could possibly harbour in her bosom.

There will be members like the hon. member for Mackenzie (Mr. Nicholson) who will wish to challenge the word "evil". I ask any member in the house if he could possibly apply any word other than the word "evil" to the communist agitators in Canada today. Get around where they talk; listen to the words they use; read the directives they issue. Evil just fairly exudes from every single word they utter, and the spirit with which they speak. There is nothing about them but evil. Why have a whole lot more of this same disreputable type of people who are at the present time such an unqualified curse to the United States; and to Canada, so far as they have become established in our country?

Secondly, these paragraphs indicate that the recognition of Red China would mean turning over to the unprincipled mercy of Red tyranny all of Canada's Chinese non-citizens. How many of these we have in Canada I am not sure; but just imagine turning over innocent men and women to a group of people as unprincipled as communists have proved themselves to be, at all points in the world to which they have extended their power. These people could be called to China and subjected to the utterly unbelievable tortures the communists inflict.

Again, recognition of Red China would mean giving notice to Japan, the Philippines and the rest of Asia that they had better make the best possible deal with Red China before it is too late. The news indicates today that dismay is being spread throughout Indo-China. Great numbers of people who up to the present time have fought courageously to withstand the communists are now becoming terrified and are thinking that if, after all, everybody is going to desert them, they might as well join the reds and escape as much of the punishment as they can.

The letter I have just read was written to the Hon. Walter S. Robertson, assistant secretary of state for far eastern affairs, Washington, D.C. And who are the members of this American China Policy Association who wrote the letter? I shall place those names on record. I am sure some will expect to hear Chinese names, but they will be disappointed.

These are the names:

President: George S. Schuyler.

Vice presidents: Alfred Kohlberg, Irene Kuhn, William Loeb, Dr. Maurice William.

Secretary and treasurer: Emma DeLong Mills.

Board of directors: Alfred Kohlberg, chairman; Marguerite Atterbury, Dr. Alexander Baird, John Earl Baker, Maj. Gen. David P. Barrows, William E. Bohn, Rt. Rev. John P. Boland, Edna Lee Booker, Dr. Karl Brandt, William Henry Chamberlin, Admiral Chas. M. Cooke, Jr.; Bishop Fred Pierce Corson, George Creel, Frank R. Crosswaith, Dr. Benedict J. Duffy, Jr.; Hon. George H. Earle, Max Eastman, Rev. James W. Fifield, Jr.; Geraldine Fitch, Varian Fry, Rev. J. C. Jensen, Lois Butler Jensen, Rear Admiral I. C. Johnson, Rep. J. Leroy Johnson, Rev. William R. Johnson, Rep. Walter H. Judd, William C. Kernan, Lucian S. Kirtland, Irene Kuhn, William Loeb, Edna Lonigan, Rev. Daniel A. Lord, S. J.; Dr. Frank L. Meleney, Emma DeLong Mills, Mrs. Victor Morawetz, Hon. James R. Nolen, Rev. Ronald Norris, C.P.; John O'Connor, John S. Potter, Dr. Roscoe Pound, Dr. Leland Rex Robinson, Mrs. Joseph Schumpeter, George S. Schuyler, Dr. Charles Ernest Scott, Dr. Aura Severinghaus, Margaret Proctor Smith, William H. Smyth, Freda Utley, Dr. Donald D. Van Slyke, Louis Waldman, Dr. Jerome P. Webster, Dr. Maurice William, Maj. Gen. Charles A. Willoughby.

Do not these people appeal to hon. members as being pretty solid and steady citizens of the United States? You find no Chinese names there. You certainly find no communist names there.

An hon. Member: How do you know?

Mr. Blackmore: Because they simply would not be on this list. They would all be like the C.C.F.; they would be in favour of recognition. You could approach a C.C.F. person from coast to coast and you would find that he would want recognition of China. It is the way they think. May I point out that in that list is one Freda Utley who is the writer of "The China Story", which is one of the most realistic and thoroughly documented books to be found anywhere, which bears out in great detail the general statements that I have made here tonight.

In the course of my remarks later I propose to refer to certain contents of a letter by Mr. Walter S. Robertson, this very man who is now assistant secretary of state for far eastern affairs in Washington. He wrote the letter dated October 8, 1949 to Ambassador Philip C. Jessup of those days. I propose to select certain passages from that letter so that we might judge as to what that man thought of the recognition of Red China. By the way, Philip C. Jessup at that time was ambassador at large of the department of state, Washington, D.C.

Hon. members would naturally desire to know who this Walter S. Robertson had been just before he wrote his October 8, 1949 letter to the Hon. Philip Jessup.

Walter S. Robertson served in China for approximately eighteen months, first with the United States embassy as minister counsellor and second between the ambassadorships of General Hurley and Dr. Stuart as chargé d'affaires, all of this in China. He was then for ten months commissioner and chairman of the Peking executive headquarters. Here is a man who, if he had his eyes open and was honest, probably knew a good deal about China. Mr. Robertson's duties brought him into close personal contact with the highest government officials and with the highest communist officials. He was going back and forth between the two groups of men. Mr. Robertson's reactions to the chaotic scenes in China were at least based upon firsthand impressions. All that I have just given you is to be found in the second paragraph of the letter—which I shall not read to hon. members. It contains the facts which I have given concerning his eighteen months of experience in China.

What does Mr. Robertson think of recognition of China? May I read some very brief extracts from his letter which tend to indicate that. In the letter of October 8, 1949 at page 4, we find these words:

> I am strongly of the opinion that recognition of the communist regime would not be to the best interests either of China's suffering millions or of ourselves.

Further down at the end of the paragraph he uses these words:

> . . . if the communists were allowed to stew in their own juice for a time, they would, in my opinion, soon begin to be confronted with the same overwhelming economic and social problems which contributed so largely to the downfall of the national government.

Again he says:

> Recognition would bring re-establishment of trade and possibly economic assistance, both vitally necessary to the permanent maintenance of any semblance of economic stability. It would also bring tremendous prestige to the communist movement throughout Asia.

In the next paragraph he uses these words:

> Withholding recognition would seem to offer the Chinese people some hope of eventually escaping communist domination and control. And important from our standpoint, it would seem to offer the best hope of re-establishing American prestige and influence in the Pacific.

A final brief quotation closes the letter:

> Of one fact we can be certain. The leaders of the communist movement in China are zealous consecrated Marxists intense in their loyalty to Moscow and haters of everything we are and stand for.

If these words do not bear out exactly what I have said about the nature of the Turko-Mongolian conspiracy which confronts the world today, then I would be very much surprised. Hon. members can draw their own conclusions. Walter Robertson is a man who had been away from the United States long enough so that one would not feel that he was actuated by too much political animosity on one side or the other. I would imagine that you would be justified in trusting this man's words as those of a realistic, objective observer of conditions in China.

I now wish to raise another question. I do not wish to quote anything the minister said. By the way, I do not want to be hard on the minister. I realize that he is in about one of the most difficult positions a man could possibly be in, and I want to approach these problems with sympathy, but at the same time I must be as critical as he has a right to expect an opposition member to be, because that is the only way in which he can get support from the opposition.

Some hon. Members: Oh, oh.

Mr. Blackmore: That is, in having observations which will point out anything that he may overlook in his earnest desire to solve the problem which confronts him.

I think the minister indicated in one of his talks recently that he had been greatly disillusioned. He had been an idealist; he had been hoping that by constantly extending the hand of fellowship to these communist people he could by and by satisfy them, by and by get them to the point where they would say: we shall try to be decent from here on. But he has discovered that notwithstanding his good will, notwithstanding his every effort—and I think every hon. member will agree that our Secretary of State for External Affairs has certainly done his best as far as talking reason, moderation and common sense to everybody connected with this is concerned—despite all of this the minister has just begun to realize what he should have known six years ago. It was not the minister's fault. I am not saying it is the minister's fault. I must say, Mr. Speaker, that the things which I have said here tonight are based on information which largely came into my possession only within the last two years, things which I have discovered and which I had only just had an inkling of previously to that time.

I had thought at one time that perhaps if we gave the Soviets safe borders they would probably be content. They are always clamouring for "security on boundaries," but the more security of boundaries they obtain

the more they want. I would not be surprised that if they got everything except the North American continent they would want to be given some bases in Canada as a means of security against the United States. Well, what can you do with people like that?

There is going to come a time when you have got to draw the line and say: Now, friends, thus far and no farther! Where are you going to draw that line, and when are you going to draw it? The minister realizes how dangerous the situation is in Indo-China today. He is fully aware of it. He probably knows things that we do not know because we have to rely only on the press, but certainly the story from Indo-China is anything but reassuring today. It is still serious and if the Russians continue—and it is Russia; let us not delude ourselves that it is China that is going into Indo-China; it is Russia using Chinese manpower—if Russia pursues her course and keeps on going down the direction she is going she will cut off from us many of the most vital supplies for the conduct of war. Everybody remembers what a dangerous position we found ourselves in in the last war with Japan. That country captured island after island after island, and thus we lost such things as rubber and other commodities which we basically needed. Everybody realizes that. Well, Russia is doing exactly the same thing; every square mile of that territory she brings under her control puts us to a great disadvantage and her to a greater advantage. When are we going to draw the line? We must draw it at some time; otherwise we are simply going to sit here trembling like a bird charmed by a serpent, waiting for the serpent to come up and accommodatingly swallow us.

Reference was made to the minister's remarks yesterday concerning the great hydrogen bomb. Well of course those bombs terrify; of course they do! If it had not been for the unbelievable spies in the United States and in Canada Russia would not have had those bombs today. It is almost certain that she has just as big bombs as we have, and maybe she is farther along in the development of the cobalt bomb than we are. Well, to use the common expression: So what! Are we going to sit quivering and give up everything our fathers fought and died for for thousands of years simply because it is possible that one of these bombs might be dropped and wipe us out of existence? If so, let us get together and send a gold-plated invitation to Russia and say: "Come on, brethren, we are not going to fight you. Come on over here and we will tell you where to set up your headquarters. We are not having any more of this, we know you have got us licked." I would ask hon. members, is that the way our fathers acted? Do you suppose that is the way our great-grandchildren should read of how we acted? We face a serious responsibility.

I am not sure whether it is fitting that I should go into this matter; but I feel I should. Let me point out that one man who seems to be realistic and competent in matters of military strategy emphasizes that the very best means of attacking Russia today is through Formosa and Korea. He points out that if we will pour our forces in behind Chiang Kai-shek and supply him with a vast amount of arms, ammunition, airplanes and all the other things necessary, he will fight his way on to the Chinese mainland. Chiang Kai-shek will be supported by tens of millions of Chinese who were his loyal supporters before he was driven off the mainland by United States communists working through the American administration.

If we support Syngman Rhee in a similar way he will renew his struggle with the northerners. He and Chiang Kai-shek appear to be the only men, as far as I have been able to find out, who have what it takes to stand up to the enemy. Both these men seem to possess that quality.

We all know perfectly well from the reports we received from General Van Fleet and General Douglas MacArthur that we could have defeated the North Koreans. There is no reason why we could not defeat them today if we gave Syngman Rhee our support.

When we recognize Red China we will put ourselves in a very compromising position. If we decide to fight later on, after Russia has another two or three hundred million additional people on her side, then we shall really be in a compromising position, because we should be fighting Red China which through our recognition of Red China we had signified as our friend and supporting Chiang Kai-shek, whom by the same action we had signified as our enemy.

I do not believe there is any military strategist in this house who does not see the possibilities in that situation. Certainly, Mr. Speaker, when the time comes, and it will come, because we are not going to lie down —there is not a man in this house who will vote for giving in to Russia—when we decide, as we will decide, where are we going to attack? How are we going to attack? Are we going to endeavour to send our few boys against approximately 800 million Russians? Or are we going to endeavour to do what Russia does?

Russia does not win new states with Russians. She did not win China with Russians. She won China with Chinese working under Russian direction. If we are going to win China back we should win it back with Chinese aided by our own forces. If we decide to stand up to Russia where could we attack? I know there are a number of men in this house with considerable military experience, good strategists, and I would like to know where they would attack? Could anyone suggest a better method of attacking than the one through South Korea and Formosa which I have suggested? An attack which would enable us to use the enemy's men instead of our own? I believe, Mr. Speaker, that this matter of future military strategy is one which must weigh heavily in our minds whenever we contemplate this question of the recognition of China.

There is another matter to which I wish to give some attention and that is the matter of Chiang Kai-shek. I do not wish to go into much detail concerning this man, but it is surprising to hear the kind of stories that are circulated about Chiang Kai-shek. There seems to be an idea in the minds of a great many people that Chiang Kai-shek was corrupt. As far as I can find he was not corrupt, but it seems to be supposed that because he was corrupt we were entitled to throw him off the mainland and let the communist government in no matter how corrupt it may be. That seems to be the sort of slant we find in the minds of a great many Canadian people. I talked with one the other day and he said: "I cannot be very enthusiastic about Chiang Kai-shek. He is a sort of rotter." Who told that person Chiang Kai-shek was a rotter? The communists in the United States.

Some hon. Members: No.

Mr. Blackmore: Yes. What do we know about Chiang Kai-shek? I have already stated that Chiang Kai-shek was thrown off the Chinese mainland by a conspiracy in the United States. The public in the United States and Canada had foisted upon them a ruinous program in China. In regard to that matter I would like to draw to the attention of hon. members a very fine speech delivered by Senator Owen Brewster of Maine on June 5, 1951. That speech can be found in the records of the United States. The subject of the speech is "A Guide Book to Ten Years of Secrecy in our Chinese Policy." Why secrecy in dealing with China? That secrecy has spread from the United States to Canada.

Mr. Philpott: Mr. Speaker, I rise on a point of order. I think the hon. member's time is up.

[Mr. Blackmore.]

Mr. Blackmore: It would have been rather more gracious on the part of the hon. member to let Mr. Speaker point out that fact.

Mr. Philpott: Others may want to speak.

Mr. Blackmore: I notice that the hon. member always gets up whenever I begin to speak about something which the hon. member does not want to hear. Here is a very fine book called "While You Slept" by John T. Flynn, published in 1951. From that book may I quote these very brief words:

> The only difference between Russia's war on China and her war on Korea was that in Korea we aided and armed the South Koreans to fight communism, while in China, incredible as it may seem, we actually told the Chinese government to do what Russia wanted—unite with the communists. When Chiang Kai-shek refused, we disarmed him.

I think that would be rather conclusive. That is from "While You Slept", at page 15.

Mr. Deputy Speaker: Order. I am sorry to interrupt the hon. member but I am obliged to advise him that his time has just expired.

Mr. Blackmore: Thank you, Mr. Speaker. I shall have more to say about this matter in the future. I want members of the C.C.F. to remember what I said about meeting them straight on when we get into committee.

Mr. A. M. Fraser (St. John's East): Mr. Speaker, I have followed this debate with great interest. May I say how greatly I have been impressed by the high level which has been maintained throughout. I feel that everyone who has spoken in this debate has been fully conscious of the sombre background against which the debate is being held. I refer to the black cloud which arose in the Pacific on March 1, the time of the experiment with the hydrogen bomb. The lurid flash of that bomb illumined, as it were, the thinking of mankind upon the tremendous and terrifying situation in which we find ourselves. We realize, I believe, that for the first time in his history man now has the power to destroy himself and all his works. The seriousness of this situation has been reflected in the high seriousness and tone of this debate.

We are all conscious of the frightening tragedy that would ensue if the hydrogen bomb were used. I think we feel that at all costs we must avert the tragedy of a third world war. But if that tragedy is to be averted, the first essential, in my humble opinion, is that there must be clear and complete understanding amongst the governments and peoples of the free nations. It is for that reason that I should like to congratulate most heartily the Secretary of State for External Affairs (Mr. Pearson) on the signal

service which he has rendered by inducing Mr. Dulles, the Secretary of State of the United States, to clarify that momentous statement he made on January 12.

I was greatly surprised to hear the hon. member for Kamloops (Mr. Fulton) assert in this house tonight that the speech made by our Secretary of State for External Affairs to the national press club in Washington and the statement that followed it by Mr. Dulles in his article in *Foreign Affairs* has shed no light on the original statement by Mr. Dulles. I certainly cannot agree with that estimate. That statement of January 12 by the United States Secretary of State I have described as momentous. I think it was momentous for several reasons. First, it gave a clear and unequivocal warning to potential aggressors; second, it seemed at first sight at any rate, to place great emphasis upon the utilization by the western powers of those resources in which they have the greatest advantage such as, for instance, their scientific supremacy, their technical know-how, their industrial skill; all of which may be regarded as offsetting the vast, almost unlimited manpower of the Soviet bloc. But nevertheless, Mr. Speaker, that statement inspired serious misgivings.

What were some of the causes of the uneasiness produced by the Dulles new look statement. First of all, of course,—as the Secretary of State for External Affairs clearly showed in his speech on Thursday in this house—there was the question as to whether there would be prior consultation between the United States and its allies before resort was had to this policy of instant and massive retaliation. Fears were expressed in many quarters that the United States might be lapsing into a policy of continentalism.

I have before me here extracts from Mr. Dulles' article in the April issue of *Foreign Affairs*, an article which followed the speech by our Secretary of State for External Affairs in Washington. I quote from Mr. Dulles' statement as follows:

> The cornerstone of security for the free nations must be a collective system of defence. They clearly cannot achieve security separately. No single nation can develop for itself defensive power of adequate scope and flexibility. In seeking to do so, each would become a garrison state and none would achieve security.

And Mr. Dulles went on to say this:

> This is true of the United States. Without the co-operation of allies, we would not even be in a position to retaliate massively against the war industries of an attacking nation.

Then he added a reference to the use of bases of the United States in foreign countries:

> The free world system of bases is an integral part of its collective security. At the recent four-power conference in Berlin, Mr. Molotov repeatedly attacked these bases as evidence of aggressive purpose. Actually these bases on the territory of other sovereign countries are merely a physical expression of the collective security system.

Then he went on to say this:

> They were constructed only at the request of the host nation and their availability depends upon its consent, usually as a legal condition and always as a practical one. The requisite consent to the use of these bases would never be accorded unless it was clear that their use was in response to open aggression, and reasonably related to its scope and nature. This gives assurance of their community function.

What Mr. Dulles said in his article in *Foreign Affairs* he restated, perhaps even more emphatically, in a press conference which he held in Washington on March 16. I quote from the report of that conference as it appeared in the New York *Times* of March 17. This is Mr. Dulles answering a question, and he said:

> It is, I think, well known that the bases which we have in foreign countries are in general not usable as a matter of law, and as a practical matter are not usable except with the consent of the countries where the bases are. For example, the bases which are available to our strategic air force in Great Britain are not usable as a base of attack except with the consent of the British government. The same is true in general with all our foreign bases. Therefore, it is implicit in our security system that it operates with the consent and acquiescence of the other partners who have helped to provide the facilities which create a sort of international police system.

Later in that same press conference when asked if there would be consultation Mr. Dulles said:

> Yes, there would certainly be consultation in most of the cases that I can conceive of.

Now, Mr. Speaker, admittedly Mr. Dulles' statement does not say that there will be consultation in every conceivable case, but it does say that there will be consultation in most cases and that there could not be use made of United States bases in other countries without the consent of the host country. That, I think, is important for us to know in Canada, particularly for those of us who live in parts of Canada where the United States has military bases as, for example, in Newfoundland.

Another question which the new look statement of Mr. Dulles on January 12 raised in the minds of many people is this: Would the apparent reliance upon massive retaliatory action necessarily mean a general war? Would it mean that whenever aggression of any kind, even of a small kind, took place in any

part of the world retaliation would be atomic? Would the effect of this new look policy be exactly the opposite of the effect which the United Nations strove to achieve in Korea in 1950, namely, to confine and localize the conflict and to prevent the extension of a local conflict into a world conflagration? Here, too, I think the statement of our Secretary of State for External Affairs led Mr. Dulles to give us clarification because in that same article in the April issue of *Foreign Affairs* Mr. Dulles stated:

> To deter aggression, it is important to have the flexibility and the facilities which make various responses available. In many cases, any open assault by communist forces could only result in starting a general war. But the free world must have the means for responding effectively on a selective basis where it chooses. It must not put itself in the position where the only response open to it is a general war.

Again, he said:

> This calls for a system in which local defensive strength is reinforced by more mobile deterrent power.

He added:

> In every endangered area there should be a sufficient military establishment to maintain order against subversion and to resist other forms of indirect aggression and minor satellite aggressions. This serves the indispensable need to demonstrate a purpose to resist and to compel any aggressor to expose his real intent by such serious fighting as will brand him before all the world and promptly bring collective measures into operation.

He concluded:

> That does not mean turning every local war into a world war. It does not mean that if there is a communist attack somewhere in Asia atom or hydrogen bombs will necessarily be dropped on the great industries of China or Russia.

There, Mr. Speaker, is another very important point that has been clarified as a result of the questions put by our Secretary of State for External Affairs. Yet another misgiving has been removed by the same cause. One question which I think suggested itself to many of us after reading Mr. Dulles' January speech was whether the new look policy would involve United States withdrawal from western Europe, whether it would mean a retreat into continentalism. There is no need for me to emphasize how serious that would have been, particularly in its psychological effect upon the continental countries of western Europe, and more particularly France about whom I propose to say a little more in a few moments. But here again we have an assurance from Mr. Dulles as found again in the article in *Foreign Affairs*. He says:

> Moreover, the program does not mean that we intend to pull our forces out of Europe. It is, of course, essential that the continental nations themselves provide a harmonious nucleus of integrated defence. If they do so, the United States would expect to maintain substantial forces of its own in Europe, both in support of the forward strategy of defence and for political reasons.

I feel that assurance will have a useful psychological effect, more particularly in France where, as we know, there is even now very great reluctance to ratification of the EDC treaty. We were all glad, I know, to note from the speech of the Secretary of State for External Affairs that substantial progress has been made toward the realization of that very important project, but we are all aware, as he himself pointed out, that there are still serious hurdles to be surmounted. Perhaps the crucial obstacle is France herself. We know that France fears the resurgence of German militarism, and I would agree with the hon. member for Rosetown-Biggar (Mr. Coldwell) that we have every reason to sympathize with France. We know that she has been invaded three times in the last eighty odd years by Germany, that she has suffered grievously at Germany's hands. It is only natural that she should suspect the consequences of German rearmament, but surely the choice is not a simple choice between German rearmament and no German rearmament.

Sooner or later German rearmament would, it seems to me, be inevitable. The vacuum that at present exists cannot continue indefinitely and the true choice seems to be a Germany rearmed within the confines of an international system, international control, and a Germany rearmed outside such a system as EDC. Nor should we forget that the author of the EDC project was a Frenchman, Mr. Pleven, and that the best minds in France have seen in EDC perhaps the only solution.

Again, Mr. Speaker, I should like to point out that without some such form of international co-operation in western Europe, the defence of the continent will remain very weak indeed. Anything that can be done, therefore, to reassure France and to make her more likely to accept the EDC program seems to me to be an important step forward.

Finally, Mr. Speaker, I should like to turn for a few moments from Europe to the Far East, and to join with other speakers from all parts of the house in welcoming the statement made by the Prime Minister (Mr. St. Laurent) on Thursday with reference to the recognition of the communist regime in China. I believe, and I am sure that many will agree with me, that statement showed a most statesmanlike approach to this very delicate problem. Personally, I was glad to hear that at present there is no intention to consider or even to contemplate recognition of the communist regime in China. I feel

that the communist regime, if it is to be recognized, must work its passage. The forthcoming conference at Geneva will, I think, be the first occasion upon which communist negotiators have sat down at a conference table with negotiators from the west. I believe we should perhaps regard that as a test of the good faith of the communist regime, not necessarily the one and only or final test but at least one test. I believe we should proceed in this matter with caution and make haste very slowly.

On the other hand I believe the Prime Minister was wise in pointing out that to adopt a never, never policy would not be sound. It would tie our hands diplomatically. It would not enable us to maintain a freedom of diplomatic manoeuvre. After all, in the changing circumstances of this age, no one can predict with certainty how far conditions may change in the years to come. For that reason, I think it is wise to maintain a flexible policy and to forswear a rigid course in these diplomatic matters.

In conclusion, Mr. Speaker, may I say that I mentioned the Geneva conference. I feel that we are doing the right thing in being represented there. I hope that it may achieve a great measure of success. I am afraid that hope is more in the form of a wish rather than based upon fact and may contain a degree of optimism. I believe we should take advantage of every opportunity to negotiate, because eventually out of negotiations may come understanding and agreement. It may take time. It will take patience, but the alternative is so disastrous that negotiations must continue. Of course, I do agree with the sentiments that have been expressed in different parts of the house that in these negotiations we should negotiate from strength.

On motion of Mr. Green the debate was adjourned.

BUSINESS OF THE HOUSE

Mr. Harris moved the adjournment of the house.

He said: We have been making good progress today, and I have hopes that we will do that tomorrow in this debate so that we might wind it up by five o'clock, after allowing ample time for the Secretary of State for External Affairs to fully answer the questions that have been raised during the course of the debate. If that occurs, we shall take the Criminal Code afterwards and will continue with it on Wednesday.

Motion agreed to and the house adjourned at 9.57 p.m.

Supply

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

DEPARTMENT OF AGRICULTURE

Production service—

Health of animals—

547. To provide for the payment of compensation to owners of animals affected with diseases coming under the operation of the Animal Contagious Diseases Act, which have died or have been slaughtered under circumstances unprovided for under the above act and regulations thereunder, in the amounts detailed in the estimates, $838.

548. To provide for grants to fairs and exhibitions in accordance with the regulations established by order in council of December 22, 1952, P.C. 4602; for payments on account of agreements in force on December 22, 1952, with exhibition associations covering the construction of buildings and other major undertakings—further amount required and to authorize grants to the exhibitions as detailed in the estimates, $108,000.

Marketing service—

549. Subsidies for cold storage warehouses under the Cold Storage Act, and grants, in the amounts detailed in the estimates—further amount required, $63,083.

Terminable services—

550. Agricultural lime assistance—further amount required, $85,000.

Special—

551. Prairie Farm Rehabilitation Act and water storage—further amount required, $139,600.

552. Major irrigation and reclamation projects in the prairie provinces—further amount required, $230,207.

553. Estimated amount required to recoup the agricultural prices support account to cover the net operating loss of the agricultural prices support board during the fiscal year 1953-54, including authority to credit to the account the net revenue received into the agricultural products board account from the sale of New Zealand meat received in exchange for beef shipped to the United Kingdom, $37,758,894.

DEPARTMENT OF CITIZENSHIP AND IMMIGRATION

A—Department—

Indian affairs branch—

Education—

554. Administration, operation and maintenance—further amount required, $120,000.

B—National Gallery of Canada—

555. Payment to the national gallery purchase account for the purpose of acquiring works of art, in conformity with section 8 of the National Gallery Act—further amount required, $360,000.

DEPARTMENT OF EXTERNAL AFFAIRS

A—Department and missions abroad—

556. To provide for official hospitality—further amount required, $4,000.

B—General—

Terminable services—

557. Contribution to the United Nations relief and works agency for Palestine refugees in the Near East, $500,000.

558. To provide for aid to Greece for reconstruction and rehabilitation following earthquakes in the Ionian islands, $500,000.

Supply

559. To provide for a gift of wheat as a contribution to famine relief for Pakistan, $5,000,000.

560. To provide for a gift of food as a contribution to flood relief for Japan, $50,000.

DEPARTMENT OF FINANCE

General administration—

561. Departmental administration — further amount required, $5,800.

562. Comptroller of the treasury—central office and branch offices administration—further amount required, $220,000.

Administration of various acts and costs of special functions—

563. Superannuation and retirement acts, administration—further amount required, $132,404.

564. To authorize and provide for adjustment payments in respect of subsidies previously paid and administrative expenses incurred by: (a) Commodity Prices Stabilization Corporation Limited, and (b) the Minister of Finance on behalf of Her Majesty, pursuant to the agreement entered into between the said corporation and Her Majesty on the 25th day of June, 1953, under the authority of order in council P.C. 1953-868 dated the 1st day of June, 1953, $310,000.

Payments to municipalities—

565. Grants to municipalities in lieu of taxes on federal property—to provide for payments to municipalities in accordance with the Municipal Grants Act, and the rural municipal grants regulations established by order in council of August 6, 1952, P.C. 3729; and to provide for payments to municipalities under order in council of July 19, 1950, P.C. 3456, in respect of the cost of medical and hospital services and supplies furnished to federal employees and other persons specified therein—further amount required including authority to regard the admiralty properties in the city of St. John's, Newfoundland, as federal property notwithstanding that formal transfer of administration has not been completed, $343,783.

Contingencies and miscellaneous—

566. To authorize the write-off to the consolidated deficit account of costs incurred in 1951 in engraving blank bonds in anticipation of a loan which did not materialize, $11,200.

567. To authorize the write-off from non-active assets to the consolidated deficit account of the net trading loss in the securities investment account incurred prior to April 1, 1952 ($40,072.79), $1.

General items of payroll costs including superannuation payments—

568. Government contribution to the superannuation account in respect of additional liability consequent upon the salary increases effective December 1, 1953, $38,000,000.

DEPARTMENT OF FISHERIES

Special—

569. Amount required to recoup the fisheries prices support account to cover net operating loss of the fisheries prices support board during the fiscal year 1952-53, $36,526.

DEPARTMENT OF JUSTICE

A—Department—

570. Combines Investigation Act—Office for investigation and research—further amount required, $65,000.

General—

571. Expenses of committee appointed to advise on principles and procedures relating to remission service, $1,000.

DEPARTMENT OF LABOUR

A—Department—

General administration—

572. *Labour Gazette*, authorized by Labour Department Act—further amount required, $20,000.

B—Unemployment Insurance Act, 1940—

573. Administration—further amount required, $571,625.

LEGISLATION

The Senate—

574. To provide, notwithstanding anything contained in the Senate and House of Commons Act, for the payment of indemnity relating to the first session of the twenty-second parliament, 1953-54, to members of the Senate for days lost through absence caused by public or official business, by illness, or on account of death. Payments to be made as the treasury board may direct, $10,000.

575. To provide, notwithstanding anything contained in the Senate and House of Commons Act, for the payment to each member of the Senate who attended the first part of the first session of the twenty-second parliament which commenced on November 12, 1953, and ended on December 16, 1953, of an amount representing the actual transportation and living expenses of such member while on the journey between Ottawa and his place of residence after the Christmas adjournment of parliament on December 16, 1953, and on the return journey from his place of residence to Ottawa at the end of the recess which commenced on that date or at any other one time during that session, $5,500.

House of Commons—

576. To provide, notwithstanding anything contained in the Senate and House of Commons Act, for the payment of indemnity relating to the seventh session of the twenty-first parliament and for the first session of the twenty-second parliament, 1953-54, to the members of the House of Commons for days lost through absence caused by public or official business, by illness, or on account of death. Payments to be made on the recommendation of the board of internal economy and as treasury board may direct. Each such payment to be deemed, for the purposes of the Members of Parliament Retiring Allowances Act, to be part of the sessional indemnity of the member for the session in respect of which he received it—further amount required, $10,000.

577. To provide, notwithstanding anything contained in the Senate and House of Commons Act, for the payment to each member of the House of Commons, who attended the first part of the first session of the twenty-second parliament which commenced on November 12, 1953, and ended on December 16, 1953, of an amount representing the actual transportation and living expenses of such member while on the journey between Ottawa and his place of residence after the Christmas adjournment of parliament on December 16, 1953, and on the return journey from his place of residence to Ottawa at the end of the recess which commenced on that date or at any other one time during that session, $20,000.

578. To authorize payment, during the present and subsequent fiscal years out of the unappropriated

monies in the consolidated revenue fund, to members of the House of Commons for the Yukon Territory and the Northwest Territories, in respect of actual transportation expenses incurred by each such member for one journey for dependent members of his family from his place of residence to the most convenient railway point, and return, for each session of parliament (commencing with the first session, twenty-second parliament) attended by him, the estimated amount required for 1953-54 being $1,000.

579. General administration—estimates of the Clerk —further amount required, $213,500.

580. Estimates of the Sergeant-at-Arms—further amount required, $6,000.

DEPARTMENT OF MINES AND TECHNICAL SURVEYS

A—Department—

Geological Survey of Canada—

Geological surveys—

581. Construction or acquisition of new equipment —further amount required, $18,600.

B—Dominion coal board—

582. Payments in connection with the movements of coal under conditions prescribed by the governor in council—further amount required, $2,370,700.

DEPARTMENT OF NATIONAL DEFENCE

Pensions and other benefits—

583. To authorize in respect of members of the Royal Canadian Air Force on leave without pay and serving as instructors with civilian training organizations operating under the British commonwealth air training plan who were killed, payment to their dependents of amounts equal to the amounts such dependents would have received under the Pension Act, as amended, had such service as instructors been military service in the armed forces of Canada, less the value of any benefits received by such dependents under insurance contracts which were effected on the lives of such members of the Royal Canadian Air Force by or at the expense of the civilian organizations —further amount required, $2,640.

DEPARTMENT OF NATIONAL HEALTH AND WELFARE

Welfare branch—

584. Grant to British Empire and Commonwealth Games Association of Canada to assist in defraying expenses of the Canadian team, $10,000.

NATIONAL RESEARCH COUNCIL

585. Salaries and other expenses—further amount required including authority for additional expenditures from revenues derived from publications, laboratory fees, plant engineering, shop work and the conduct of its operations generally, $1.

ATOMIC ENERGY CONTROL ROARD

Atomic Energy of Canada Limited (research program)—

586. Current operation and maintenance—further amount required, $265,000.

DEPARTMENT OF NATIONAL REVENUE

Customs and excise divisions—

587. Inspection, investigation and audit services —further amount required, $27,000.

Ports, outports and preventive stations—

588. Operation and maintenance—further amount required, $303,000.

DEPARTMENT OF NORTHERN AFFAIRS AND NATIONAL RESOURCES

(Formerly Resources and Development)

Northern administration and lands branch—

Northern administration division—

Northwest territories, including Wood Buffalo park and Eskimo affairs—

589. Construction or acquisition of buildings, works, land and new equipment—further amount required, $2,500.

Yukon Territory, including forest conservation—

590. To provide for a special grant to the government of the Yukon Territory to help defray the costs of the severe poliomyelitis outbreak in 1953, $43,282.

Forestry branch—

591. Branch administration—further amount required, $7,000.

Forestry operations division—

592. To provide for contributions to the provinces for assistance in forest inventory and reforestation in accordance with agreements that have been or may be entered into by Canada and the provinces—further amount required, $100,000.

POST OFFICE DEPARTMENT

593. Operations — further amount required, $1,100,000.

PRIVY COUNCIL

Federal district commission—

594. To provide for maintenance and improvement of grounds adjoining government buildings at Ottawa—further amount required, $44,260.

PUBLIC PRINTING AND STATIONERY

595. Distribution of official documents—further amount required, $5,385.

DEPARTMENT OF PUBLIC WORKS

Architectural branch—

596. Maintenance and operation of public buildings and grounds, other than at Ottawa, including repairs and upkeep, rents, furnishings, heating, etc.—further amount required, $270,000.

Acquisition, construction and improvements of public buildings—

Construction, acquisition, major repairs and improvements of, and plans and sites for, public buildings listed in the details of the estimates, provided that treasury board may increase or decrease the amount within the vote to be expended on individual listed projects—further amounts required—

597. Quebec ($420, less the amount of $419 available from savings in other listed projects detailed in previous estimates for 1953-54 for this province), $1.

598. Yukon and Northwest Territories, $100,000.

Engineering branch—

Graving docks—

599. Prince Rupert dry dock and shipyard and appurtenant works—additional amount in excess of the sum of $110,000 already authorized by vote 343 of the Appropriation Act No. 3, 1953, for the payment of operating losses and essential repairs, all such payments to be made in respect of operations during the calendar year 1953—further amount required, $103,324.

Acquisition, construction and improvements of harbour and river works—

Construction, acquisition, major repairs and improvements of, and plans and sites for, harbour and river works listed in the details of the estimates, provided that treasury board may increase or decrease the amount within the vote to be expended upon individual listed projects—further amount required—

600. Quebec ($17,000, less the amount of $16,999 available from savings in other listed projects detailed in previous estimates for 1953-54 for this province), $1.

General—

601. To provide for the expenses incurred by Central Mortgage and Housing Corporation in constructing and supervising construction of married quarters, schools and related services on behalf of the Department of National Defence (formerly under Department of Resources and Development) —further amount required, $130,000.

DEPARTMENT OF THE SECRETARY OF STATE

602. Departmental administration—further amount required, $15,700.

DEPARTMENT OF TRADE AND COMMERCE

General administration—

603. Commodities services, including contributions as detailed in the estimates—further amount required, $21,127.

DEPARTMENT OF TRANSPORT

A—Department—

604. Departmental administration—further amount required, $161,000.

Canal services—

605. Operation and maintenance—further amount required, $177,450.

606. To provide for expenses in connection with the St. Lawrence ship canal surveys and investigations (including St. Lawrence seaway investigations)—further amount required, $200,000.

Marine services—

Marine service steamers—

607. Construction or acquisition of vessels and equipment, as detailed in the estimates—further amount required, $291,907.

Pilotage service—

608. Administration, operation and maintenance—further amount required, $12,848.

River St. Lawrence ship channel service—

609. Contract dredging—further amount required, $1,899,989.

Railway and steamship services—

610. Prince Edward Island car ferry and terminals deficit, 1953—additional amount in excess of the sum of $1,459,000 already appropriated, to provide for the payment during the fiscal year 1953-54 to the Canadian National Railway Company (hereinafter called the national company) upon applications approved by the Minister of Transport made from time to time by the national company to the Minister of Finance, and to be applied by the national company in payment of the deficit (certified by the auditors of the national company) in the operation of the Prince Edward Island car ferry and terminals arising in the calendar year 1953—further amount required, $143,855.

611. North Sydney, Nova Scotia—Port-aux-Basques, Newfoundland, car ferry and terminals deficit, 1953—additional amount in excess of the sum of $1,870,000 already appropriated to provide for the payment during the fiscal year 1953-54 to the Canadian National Railway Company (hereinafter called the national company) upon applications approved by the Minister of Transport made by the national company to the Minister of Finance and to be applied by the national company in the payment of the deficit (certified by the auditors of the national company) in the operation of the North Sydney, Nova Scotia—Port-aux-Basques, Newfoundland, ferry and terminals arising in the calendar year 1953—further amount required, $366,393.

612. Canadian National (West Indies) Steamships, Limited, deficit, 1953—to provide for the payment to the Canadian National (West Indies) Steamships, Limited (hereinafter called the company) of the amount of the deficit for the year ending December 31, 1953 in the operations of the company and the vessels under the control of the company, as certified by the auditors of the company to the Minister of Finance and approved by the Minister of Transport, $649,662.

613. Maritime Freight Rates Act—additional amount in excess of the sum of $10,453,000 already appropriated for the payment to the railway companies operating in the select territory designated by the act, during the fiscal year 1953-54, of the difference occurring on account of the application of the act, between the tariff tolls and normal tolls under approved tariffs (estimated and certified to the Minister of Transport by the Canadian National Railway Company and approved by auditors of the said company respecting the eastern lines of the Canadian National Railways, and in the case of other railways by the board of transport commissioners for Canada) on all traffic moved during the calendar year 1953 (chap. 174, R.S.)—further amount required, $199,002.

General—

614. To provide for reimbursement of the Department of Transport stores account for the value of stores which have become obsolete, unserviceable, lost or destroyed, $12,275.

Air services—

Telecommunications division—

Radio Act and regulations—

615. Construction or acquisition of buildings, works, land and new equipment—further amount required, $50,000.

Civil aviation division—

616. Control of civil aviation, including the administration of the Aeronautics Act and regulations issued thereunder—further amount required, $46,000.

617. Grants to organizations for the development of civil aviation, in the amounts detailed in the estimates—further amount required, $30,000.

B-General—

Air transport board—

618. Subventions for air carriers, as detailed in the estimates—further amount required, $80,000.

Board of Transport Commissioners for Canada—

619. Administration, operation and maintenance —further amount required, $49,200.

Canadian maritime commission—

620. Steamship subventions for coastal services, as detailed in the estimates—further amount required, $144,971.

DEPARTMENT OF VETERANS AFFAIRS

Treatment services—

621. Operation of hospitals and administration—further amount required, $749,615.

War veterans allowance and other benefits—

622. War veterans allowances—further amount required, $550,000.

623. Hospital and other allowances—further amount required, $100,000.

Miscellaneous payments—

624. Employers liability compensation—further amount required, $55,000.

625. To authorize and provide for payment to Pearl Margaret Putnam, widow of the late Ross Hartwell Putnam, of the benefits to which she would have been entitled under the Veterans Insurance Act had his application for insurance thereunder been formally approved, by the superintendent of veterans insurance, before his death, $10,000.

626. To authorize the write-off to the consolidated deficit account of the amount of $570,539.67, which was due in respect of pensions paid by the Department of Veterans Affairs to members of the R.C.A.F. who served in the R.A.F. in world war II, payment of which by the United Kingdom was waived in accordance with the provisions of P.C. 1953-522 of April 2, 1953, $1.

Canadian pension commission—

627. Administration expenses—further amount required, $15,000.

628. To provide for payment, in respect of the fiscal year ending March 31, 1954, of a monthly pension of $100 to Mrs. Annie Elizabeth Cronk, and to authorize the Canadian pension commission to pay thereafter to Annie Elizabeth Cronk an annual pension during her lifetime, in the same manner and subject to similar terms and conditions as if she were the widow of a soldier holding the rank of private who died while rendering military service in world war I, $1,200.

Terminable services—

629. Post discharge rehabilitation benefits including the training of merchant seamen and salt water fishermen pensioners—further amount required, $560,000.

DEPARTMENT OF EXTERNAL AFFAIRS

Loans, investments and advances—

630. To provide, subject to regulations of the treasury board, for working capital advances in the current and subsequent fiscal years to posts and employees on posting abroad, and to authorize the creation of a special account in the consolidated revenue fund to which shall be credited expenditure made by and advances recovered from the said posts and employees, the excess of the amounts charged over the amounts credited to the account at any time not to exceed $1,000,000. Vote 655 of the Appropriation Act No. 2, 1952, is hereby repealed. $1,000,000.

DEPARTMENT OF FISHERIES

Loans, investments and advances—

631. To authorize and provide for an advance to the government of Nova Scotia in accordance with the terms of an agreement between the government of Canada and the government of Nova Scotia to be entered into with the approval of the governor in council (in place of the agreement authorized to be entered into by vote 765 of Appropriation Act No. 3, 1953) in an amount not exceeding seventy-five per cent of the loans made by the government of Nova Scotia to fishermen for the purpose of replacing abnormal losses of equipment suffered by reason of severe weather conditions in the 1951-52 fishing season; the amount to be advanced not to exceed $106,500 of which $80,000 has already been provided under vote 765 of Appropriation Act No. 3, 1953, $26,500.

DEPARTMENT OF NATIONAL REVENUE

Loans, investments and advances—

Customs and excise divisions—

632. To authorize and provide for the operation of a revolving fund in accordance with section 58 of the Financial Administration Act for the purpose of acquiring and managing material to be used in the manufacture of uniforms, the amount to be charged to the revolving fund at any time not to exceed, $90,000.

ROYAL CANADIAN MOUNTED POLICE

Loans, investments and advances—

633. To authorize and provide for the operation of a revolving fund in accordance with section 58 of the Financial Administration Act for the purpose of acquiring and managing material to be used in the manufacture of uniforms, the amount to be charged to the revolving fund at any time not to exceed $450,000 of which $250,000 was provided under vote 547, Appropriation Act No. 3, 1953—further amount required, $200,000.

DEPARTMENT OF VETERANS AFFAIRS

Loans, investments and advances—

Soldier Settlement and Veterans' Land Act—

634. To provide for purchase of land and permanent improvements; cost of permanent improvements to be effected; removal of encumbrances; stock and equipment; refunds to veterans (sections 11 and 21); and for protection of security under the Veterans' Land Act—further amount required, $500,000.

HOUSE OF COMMONS

Tuesday, March 30, 1954

The house met at 2.30 p.m.

SUGAR

TABLING OF INTERNATIONAL AGREEMENT

Hon. L. B. Pearson (Secretary of State for External Affairs): Mr. Speaker, I am tabling three copies, in English and in French, of the text of the international sugar agreement. Possibly I might make a short statement on this agreement.

Hon. members may be aware that Canada was represented at the United Nations conference on sugar which was held in London last year from July 13 to August 25 inclusive, and from which emerged an international agreement for the regulation of the production and marketing of sugar. Under the provisions of the international sugar agreement, governments which were represented at the conference may accede to the agreement by depositing an "instrument of accession" with the United Kingdom government. Sufficient governments, including the governments of the United Kingdom and of the United States, have now deposited their instruments of ratification or notified their intention to do so to bring the agreement into force from January 1, 1954. The agreement is to remain in force for five years.

My purpose in rising at this time is merely to inform the house of the intention of the government to participate in the international sugar agreement, copies of which I have now tabled. The government does not propose, however, to accede formally to the agreement until hon. members have had an opportunity to study its provisions and to offer any comments or submit any questions with respect to its provisions. This opportunity to discuss the sugar agreement will be afforded when the estimates of the Department of Trade and Commerce are before the house.

EXTERNAL AFFAIRS

REFERENCE TO SPEECH OF U.S. SECRETARY OF STATE

On the orders of the day:

Hon. George A. Drew (Leader of the Opposition): Mr. Speaker, I wish to direct a question to the Secretary of State for External Affairs. In view of the report from London that the foreign office had been informed in advance of the content of Mr. Dulles' speech, will he inform us whether similar information was communicated to the Canadian government with regard to the content of that speech?

Hon. L. B. Pearson (Secretary of State for External Affairs): No, Mr. Speaker; we were not given an advance copy of the speech nor were we consulted about it. As a matter of fact, I do not think it should be expected that Mr. Dulles would consult us or give us an advance copy of his speech every time he makes one. However, Mr. Speaker, I think we would certainly expect to be consulted before the United States adopted any policy or accepted any obligations or commitments in the carrying out of which Canadian co-operation or participation would be expected or which would directly affect this country. I have had the advantage of reading the text of Mr. Dulles' speech, and I do not think those circumstances would apply to this particular speech.

[*Later:*]

Mr. Jean-François Pouliot (Temiscouata): Mr. Speaker, in order to make things even, following the question asked by the Leader of the Opposition (Mr. Drew) of the Secretary of State for External Affairs (Mr. Pearson), may I ask this question? Does the Secretary of State for External Affairs send advance copies of his speeches to Mr. Dulles in his capacity of Secretary of State of the United States?

Mr. Pearson: No, Mr. Speaker. That has not been my custom.

Mr. Pouliot: Thank you.

ATOMIC ENERGY

HYDROGEN BOMB TESTS—REQUEST FOR INFORMATION

On the orders of the day:

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, I wish to direct a question to the Secretary of State for External Affairs. Has the Canadian government any information as to whether last Friday's hydrogen bomb explosion got out of control in the way that the one did on March 1? Can the minister say whether the Canadian government knows whether any further such tests are in prospect?

Inquiries of the Ministry

Hon. L. B. Pearson (Secretary of State for External Affairs): Mr. Speaker, I have no information regarding the results of the explosion of the hydrogen bomb a few days ago. We know that there is to be another experimental explosion shortly. At the present time there is a qualified scientific official of the Canadian government in Washington where I have no doubt he will be given all the information available on the results of the recent explosion and plans for future ones.

PROTECTION FROM POSSIBLE DANGER OF CONTAMINATION

On the orders of the day:

Mr. G. H. Castleden (Yorkton): I should like to direct a question to the Minister of National Defence, of which I gave notice. It is in a way supplementary to the question asked by the hon. member for Winnipeg North Centre. What steps are being taken to protect the Canadian people from possible dangers of contamination by radioactive materials which might reach Canada from the explosion of bombs in the Pacific?

Hon. R. O. Campney (Associate Minister of National Defence): I shall take this question as notice.

INQUIRY AS TO RADIOACTIVE DUST—MELFORT, SASK.

On the orders of the day:

Mr. H. A. Bryson (Humboldt-Melfort): I should like to ask the Minister of National Defence a question, of which I have given him notice. In his absence, I will direct it to the associate minister. Has the minister any statement to make following yesterday's press reports concerning the presence of radioactive dust in the Melfort area of Saskatchewan? Have representations been made to Washington regarding this matter?

Hon. R. O. Campney (Associate Minister of National Defence): I thank the hon. member for giving me notice of his questions, Mr. Speaker. In reply to the first question I have no statement to make beyond this, that I am advised by our scientists that it is not at all uncommon to find traces of radioactivity in rain, in dust and in snow from time to time at various places across Canada. None of these traces has been found to be of sufficient strength to be in any way harmful, and therefore they have been regarded as without any particular significance.

I am not aware of any more of the circumstances concerning radioactive indications at Melfort other than those which I have seen in the press.

[Mr. Knowles.]

With regard to the second question, as to whether representations have been made to Washington, I think that it is evident, from the circumstances as I have outlined them, that no such representations were considered necessary.

WHEAT

REQUEST FOR INTERIM PAYMENT ON DELIVERIES OF 1953 CROP

On the orders of the day:

Right Hon. C. D. Howe (Minister of Trade and Commerce): Mr. Speaker, with reference to the question asked yesterday by the hon. member for Prince Albert (Mr. Diefenbaker), may I say that the only letter that has been received from the government of Manitoba had to do with a question asked by Mr. Arthur Ross, M.L.A., with regard to supplementary payments on oats and barley. I was obliged to send the answer that I would have given in the house had a similar question been asked here, namely that government policy would be made known in due course.

DISPOSAL OF WESTERN WHEAT SURPLUS

On the orders of the day:

Mr. J. G. Diefenbaker (Prince Albert): I wish to direct a question to the Minister of Trade and Commerce. It is one of importance and significance to the western wheat farmers. In order to give farmers a lead as to the position they might take with reference to this year's crop operations, can the minister say what are the prospects for Canada's wheat surplus being disposed of during the present year and to what degree the wheat on the farms in the western provinces may be expected to be sold or disposed of in the elevators before this year's crop is harvested?

Right Hon. C. D. Howe (Minister of Trade and Commerce): My hon. friend was good enough to give me notice of his intention to ask this question and I have prepared the reply in some detail. In dealing with this question I should first of all like to refer to the delivery position so far in the crop year. From August 1, 1953, to March 17, 1954, producers' deliveries of grain in the prairie provinces amounted to 403 million bushels. If allowance is made for delivery since March 17, the actual delivery figure now stands at approximately 410 million bushels. At the present time the general quota is five bushels per specified acre. In addition, there have been substantial special authorizations

for the delivery of barley suitable for malting, and there is a supplementary oats quota of 12 bushels per seeded acre. Recently delivery quotas have been raised above the five bushels per specified acre level at a number of individual points.

With the excellent movement of grain from the Pacific coast ports this year, the five bushel quota has generally been provided for in the province of Alberta. In Saskatchewan, and to a lesser extent in Manitoba, additional shipments are required before the general five bushel quota can be implemented. The wheat board is acutely conscious of this problem and is working on a shipping policy designed to relieve congested points in Manitoba and Saskatchewan just as soon as physically possible. I might add, however, that there is one difficulty which cannot be underestimated. With only limited storage space throughout Canada, it is essential that only kinds of grain and grades of grain which are in demand can be moved to forward positions and this factor has and will continue to slow down the movement of grain from many areas in Manitoba and Saskatchewan. For example, the board has ample stocks of No. 2 northern wheat in eastern positions at the present time and any No. 2 northern wheat which is moved forward to terminal points must, for the time being at least, be treated as grain for storage. I might add that this problem is receiving the continuous attention of the board.

Since the turn of the year space has been appearing at some delivery points, particularly in Alberta. In order to make use of this space, the board commenced on March 17 to increase delivery quotas beyond the five bushel level. The increases have been in terms of either one or two bushels per specified acre dependent upon space available at the delivery points concerned. As soon as the quotas are increased above the five bushel level at individual points, these stations are cut off from further shipments except for shipments specially authorized by the board. This will have the effect of increasing car supply to areas of greatest need. At the present time delivery quotas have been increased above the five bushel level at slightly over 200 delivery points.

The question before us requests an estimate of delivery prospects for the balance of the crop year. This is a very difficult type of estimate to make because the quantity of grain which producers will be able to market in the prairie provinces between now and the end of the crop year depends almost entirely upon the volume of domestic and export sales, and generally the buying of grain today is on a hand to mouth basis. Therefore the delivery possibilities for the balance of the crop year will depend to a large extent upon day to day selling on the part of the wheat board. We know of course that there are quantities of grain which will leave Canada shortly after the opening of navigation. We have confidence that there will be worth-while buying of Canadian grain over the period of the next four months.

I would hazard a guess that in the crop year 1953-54 producers in the prairie provinces will market somewhere around 600 million bushels of grain which will be well above normal marketings based upon normal crops. If we attain this figure of marketing in 1953-54, the total volume of grain marketed from the bumper crops of 1951, 1952 and 1953 will amount to nearly 2,200 million bushels. This is a very large record of marketings over a period of thirty-six months.

Mr. Argue: With respect to the marketing prospects for this year, does the minister think that the quota of seven bushels, wherever it is in effect, may be increased before the end of the crop year, or is the target to get everyone up to a quota of seven bushels only by the end of the crop year?

Mr. Howe (Port Arthur): Seven bushels per acre, based on the specified acreage, is a very large quantity of grain indeed, almost the entire crop of last year. I would say that if we are successful in getting deliveries up to the seven bushel quota per specified acre everyone should be quite happy.

Mr. Argue: Does the minister realize that in many areas seven bushels per cultivated acre is less than half of the crop produced last year?

Mr. Harkness: Can the minister give us a breakdown of the 410 million bushels as to how much of it is wheat, how much oats and how much barley?

Mr. Howe (Port Arthur): I could obtain that information. It will take time, but if my hon. friend wishes to have the question answered later I will be glad to bring down an answer.

[*Later:*]

Mr. Diefenbaker: I wish to ask the Minister of Trade and Commerce a supplementary question based on the estimate that he has now made. Having regard to the potential sales domestically and in foreign markets of Canadian wheat, what is his estimate of the number of bushels of wheat that will be in farm storage at the time the harvesting of the 1954 crop commences?

Inquiries of the Ministry

Mr. Howe (Port Arthur): I have given my estimate of the probable marketings of wheat. The other figures having to do with the carry-over and the size of the crop are available. I could get the figures for my hon. friend or he could get them for himself just as easily. However, I shall be glad to get them.

COLUMBIA RIVER

INQUIRY AS TO CONSTRUCTION OF DAM AT MICA CREEK

On the orders of the day:

Mr. E. D. Fulton (Kamloops): May I direct a question to the Secretary of State for External Affairs? Since press reports have indicated that plans to commence construction of the Mica creek dam on the Columbia river are practically cut and dried, may I ask the minister if the international joint commission has in fact made any decision on the matter?

Hon. L. B. Pearson (Secretary of State for External Affairs): The hon. member was good enough to give me notice of his question. I had a reply but I do not have it with me. I will give it to him tomorrow, if he will accept my apologies.

FINANCE

CALLING OF THIRD AND FOURTH VICTORY LOANS

On the orders of the day:

Mr. J. M. Macdonnell (Greenwood): I wish to address a question to the Minister of Finance with reference to his statement of March 26 announcing the calling of the third and fourth victory loans, amounting to some $2 billion. Can the minister say anything further as to refunding plans?

Hon. Douglas Abbott (Minister of Finance): No, Mr. Speaker. I am sure my hon. friend will appreciate that any answer I might give would have market implications. The announcement will be made in due course.

Mr. Macdonnell: May I ask the minister if he expects to be able to borrow at less than 3 per cent?

Mr. Abbott: That is another matter we will deal with in due course.

NATIONAL DEFENCE

ACQUISITION OF ADDITIONAL LAND IN NEW BRUNSWICK

On the orders of the day:

Mr. A. J. Brooks (Royal): Mr. Speaker, I sent notice of this question to the Minister of National Defence. I see he is not in his place so I will ask the Associate Minister of National Defence. Is it the intention of the Department of National Defence to acquire additional land east of Camp Gagetown, across the Saint John river, known as the Jemseg and Grand lake area, for an air base or any other purpose? As I say, I sent the minister notice, but possibly the associate minister has not had notice and I would ask him to take the question as notice and give me an answer as soon as possible.

Hon. R. O. Campney (Associate Minister of National Defence): I was not aware that notice of this question had been given, but it is my general understanding—I speak subject to correction if I find the facts to be otherwise—that there is no intention on the part of the department to acquire additional land across the Saint John river from the Gagetown site.

Mr. Brooks: I should like to have a definite answer. These people are very much concerned and we would like to have a definite answer whether or not there is any such intention.

HOUSING

PROTECTION OF HOMES OF UNEMPLOYED

On the orders of the day:

Hon. Robert H. Winters (Minister of Public Works): On Thursday, March 25, in reply to a question by the hon. member for Peterborough relating to temporarily unemployed purchasers of houses from Central Mortgage and Housing Corporation, I gave a brief answer. Since then I have had queries from the hon. member for Welland and others and perhaps I should elaborate somewhat on the policy that is followed by Central Mortgage and Housing Corporation in such cases.

As I indicated on Thursday, the corporation is sympathetic to the plight of purchasers who find themselves temporarily out of work. If a purchaser is in difficulty because of unemployment or other circumstances beyond his control, it is usually possible for him to work out an arrangement with the local office of the corporation to relieve him of his temporary difficulty. Unfortunately there are purchasers who disregard the reminder notices of the corporation. When this happens it leaves the corporation with no alternative but to advise the purchaser of the corporation's intention to take action to cancel the agreement. I might say that there are very few cases indeed where the corporation has to resort to legal action. In 1953, out of 30,500 agreements for sale there were only three properties repossessed by the corporation.

In the Crowland-Welland area, which several members have discussed with me, the corporation has sold 750 houses on a deferred payment plan. The term for repayment varies, but the average monthly instalment is approximately $28, which includes a provision for the payment of monthly taxes and as such must be regarded as being rather modest.

As I have indicated, where there is genuine distress arising out of unemployment the corporation will give every possible consideration to working out an arrangement suitable to both the purchaser and the corporation. Having regard to its responsibility for the management of public funds, the corporation does not follow a policy of waiving or postponing the collection of the monthly instalments on a wholesale basis. Each individual case is dealt with on its merits and only such measure of relief as the circumstances of each individual case may warrant is given.

Mr. G. K. Fraser (Peterborough): On that occasion I asked the Minister of Public Works if he had seen what the Minister of Trade and Commerce had said, that people would not be evicted from their homes—

Right Hon. C. D. Howe (Minister of Trade and Commerce): On a point of privilege, Mr. Speaker: I suggest that neither the hon. member nor anyone else has heard what was reported to have been said, because it was not said. I simply said the government was a good landlord.

Mr. Fraser (Peterborough): As I mentioned at that time, the statement appeared in the press of that morning and I have a copy of it here if the minister would like to see it.

Mr. Howe (Port Arthur): I suggest that what my hon. friend is reading is what the newspaper reporter wrote, and not what the minister said.

Mr. Fleming: Did the minister not make any reference to a moratorium on that occasion?

Mr. Howe (Port Arthur): No, sir, he did not. I said that in my experience with the government as a landlord it did not dispossess people who are temporarily out of work through unemployment in an area. I made it quite clear that if they were good tenants otherwise, temporary difficulty, in my opinion, would not be a cause for eviction.

INQUIRY FOR RETURN

GENERAL STORES—OPERATION BY FEDERAL GOVERNMENT

On the orders of the day:

Mr. L. E. Cardiff (Huron): On March 22, Mr. Speaker, a question standing on the order paper in my name was passed as an order for return. When can I expect an answer?

Hon. J. W. Pickersgill (Secretary of State): I shall have the matter looked into, sir.

CANCER

REPORTED NEW ANTIBIOTIC RESEARCH FOR TREATMENT

On the orders of the day:

Mr. E. G. McCullough (Moose Mountain): Yesterday I sent a notice to the Minister of National Health and Welfare concerning a newspaper report of new antibiotic research work done in the United States for the treatment of cancer. Can the minister state if anything is being done in Canada in that regard?

Hon. Paul Martin (Minister of National Health and Welfare): The new antibiotic, Mr. Speaker, which is known as azaserine, has been receiving early testing on several forms of human cancer. This is a joint project of the Sloan-Kettering Institute on cancer and the Parke-Davis Company with headquarters in the city of Detroit. I think in view of the importance of this matter, it is not desirable I should say any more at this time.

EXTERNAL AFFAIRS

REFERENCE OF ESTIMATES OF DEPARTMENT TO STANDING COMMITTEE

The house resumed, from Monday, March 29, consideration of the motion of Mr. Pearson:

That items Nos. 84 to 103 inclusive, of the main estimates, 1954-55, be withdrawn from the committee of supply and referred to the standing committee on external affairs, saving always the powers of the committee of supply in relation to the voting of public moneys.

Mr. Howard C. Green (Vancouver-Quadra): This external affairs debate has centred largely around the question of the recognition of the communist regime in what is commonly known as Red China. This interest in the house has developed, I believe, largely because of the statements made by our own Prime Minister (Mr. St. Laurent) while he was in the Far East. We were all somewhat startled to read what stand he had taken, and today I propose to quote briefly from three of

the press reports of interviews given by the Prime Minister on this particular question.

The first is a dispatch contained in the Montreal *Gazette* of March 7 from Seoul, the capital of Korea. The heading of the article reads in this way, "Bound to happen sooner or later." Then the dispatch goes on:

> Prime Minister St. Laurent flew into Korea today from Manila after telling reporters there Canada must "sooner or later" recognize communist China.

There are two further significant paragraphs:

> Before leaving for Manila on the last lap of his global tour, Prime Minister St. Laurent was asked about relations with communist China.
>
> "We have got to be realistic," he said. "Sooner or later we would be bound to recognize the government that the people want."

That was quite a startling statement, but the Prime Minister repeated it when he was interviewed at Seoul. I have here a dispatch of March 8, the following day, which is entitled, "St. Laurent backs China recognition, world must be realistic on reds, says Prime Minister."

The dispatch reads:

> Canada's Prime Minister Louis St. Laurent declared today he believed all nations of the free world in time will have to be "realistic"—

And that word appears in quotation marks.

> —and recognize the government of communist China. Prime Minister St. Laurent, in Korea on a world tour, said, "I do feel that some day we are going to have to be realistic. We are going to have to admit the government of China is the government the people want."

And when he had left Korea and gone to Japan he was interviewed again. As a result we had a report in Canadian newspapers with the heading "St. Laurent Repeats 'Let's be Realistic'; 'Reds have Effective Control of China'." The article was from Tokyo and said:

> Canada's world-travelling Prime Minister spoke out again today on the controversial question of Red China, telling reporters at a press conference that, "it is only the common sense, realistic approach" that allied countries eventually will deal with communist China as the government "in effective control of the China mainland."

Now, you will have noticed that in each of those interviews the Prime Minister used the word "realistic"; he repeated that we have to be realistic about this question. Unfortunately however that is exactly what his own statements were not. I submit they were completely and utterly unrealistic, and for these reasons:

In the first place, recognition of Red China has been in recent months and is today the top communist objective. It was what one might have expected, as a result of the Prime Minister's interviews, that only a day or two later every member in the House of Commons received a letter from the Canadian peace congress which, as we know, is a communist organization in our own country. This letter was dated March 16, 1954, and was addressed "To members of parliament, on the occasion of the Prime Minister's return from his world tour". In it we find this significant sentence:

> At the outset we wish to state our full support for the Prime Minister's statement that the government of China is going to have to be recognized.

That was the immediate reaction to his statements by the communists in Canada.

He was also unrealistic because at that time there was propaganda being put out by communists all over the world about the Geneva conference which is to be held next month. The propaganda was that Red China must be recognized, and the fact that she was going to sit in on this conference showed that she was to be recognized. Yet, while this very question was in the forefront of international affairs, our Prime Minister, while in the Orient, made the statement that freedom-loving nations had to be realistic, and that sooner or later they would have to recognize Red China.

Now, on this question of what is to happen at Geneva: Just about two weeks before the Prime Minister was interviewed Mr. Dulles, Secretary of State of the United States, had taken great care to point out to his own countrymen and to the world at large that the fact that Red China was to be at this conference in Geneva did not mean that she was to be recognized. Incidentally Mr. Dulles said yesterday in the United States that the Geneva conference is not to be a five-power conference at all. Red China is not to be there as one of the five great powers.

I have here a report of his address on February 24. This report reads in part as follows:

> In a country-wide radio-television address, Dulles dismissed as "without basis" any fear that agreement to the April 26 meeting implies diplomatic recognition of Red China. The Chinese communists, at Russia's urging, will be seated at the Geneva conference, which will discuss the future of Korea and seek to attain peace in Indo-China. Dulles assailed critics who have contended the seating of Red China at Geneva means the opening wedge toward United States diplomatic recognition of the Peiping regime. Such criticism, Dulles said, tends to give the communists "a success which they could not win at Berlin."

He was referring, of course, to the previous conference. It continues:

> "The communist regime will not come to Geneva to be honoured by us but rather to account before the bar of world opinion," he said. The secretary said this was made clear in the Big Four agreement at Berlin last Thursday which proposed the Asiatic peace conference at Geneva in Switzerland.

Then, our Prime Minister was unrealistic because at the very time he was giving these interviews, only a few hundred miles away in Indo-China there was the worst fighting that has taken place in that war, which has now been going on for seven or eight years. French troops were and still are attempting to defend the fortress of Dien Bien Phu. A terrific battle was being fought.

It turns out too in the speech made yesterday by Mr. Dulles that, at the same time, Red China has been guilty of at least forty violations of the one agreement the freedom-loving nations of the world have with her, namely the Korean truce agreement. This must have been known when the Prime Minister was interviewed in the Far East. If he did not know of those violations he should have.

So I repeat that his statements to the press earlier this month were absolutely unrealistic. What has happened has one very salutary lesson for Canadians both in the House of Commons and out of it, and that is that in dealing with communists it is unwise to say that we will have to give, eventually, what they are asking for. To them—and, oh how often this has been proved in the last few years—to communists, that is only appeasement and an invitation to demand more.

It would have been far more realistic for the Prime Minister or any other minister to confine policy statements to the situation as it is today. That was what was done by the President of the United States—and I hold him out as an example to our own cabinet ministers. He was interviewed six days ago, and I have before me a press report of his statement. The heading is "Eisenhower Says No Change in U.S. Red Chinese Stand". It is dated at Washington, March 24, and states:

> President Eisenhower said today that as long as present conditions continue there will be no change in the United States' attitude toward communist China.

And that, Mr. Speaker, was all our Prime Minister needed to say when he was interviewed in the Far East. The full text of Mr. Dulles' speech of yesterday appears in today's New York *Times*. He took the same attitude when he said:

> Those responsible for United States policy must ask and answer—

And the question is put in quotation marks:

> "Will it help our country if, by recognition, we give increased prestige and influence to a regime that actively attacks our vital interests?" I can find only the answer "no".

I hope from now on members of the Canadian government will not make loose statements in respect of foreign affairs about what Canada "might" do.

Obviously, Mr. Speaker, Red China has no claim whatever to recognition by Canada. She stands branded as an aggressor by the United Nations; she has broken the Korean armistice, we still have our troops in Korea prepared to resist further aggression, and she is carrying on bitter warfare in Indo-China today. Let no one be so simple as to believe that the fighting in Indo-China is not being directed by the Chinese communists, and that the troops there are not being supplied either by the Chinese or Russians with equipment and materials of war.

This position is obviously vastly different from when the Soviet was recognized. She was then not at war with anyone. The condition was completely different. In fact the condition was completely different when the United Kingdom recognized Red China in 1949. There were far more reasons for that step being taken in 1949 than there are for any such step being taken today.

In considering this question of the recognition of Red China, Mr. Speaker, we must remember that general recognition would constitute a tremendous victory for communism right across the world, not only in Asia but everywhere else in the world. I was struck yesterday by the report brought back to the House of Representatives in Washington by a foreign affairs subcommittee which had been visiting the Far East. They had certain recommendations to make to their fellow representatives. One of them was this:

> The United States should continue opposing recognition of Red China or admission to the United Nations. The subcommittee said it could not discover any benefit recognition would give the West; but that it would be a smashing victory for communism.

I believe that to be a correct statement.

Then, as Canadians, we must remember the position of Canadians of Chinese origin. We have many thousands of these fellow citizens of ours in British Columbia, most of them living in my home city of Vancouver. During the war years their young men enlisted and fought beside our sons. They played a noble part in bringing about victory. The parents at home subscribed to the Victory loans. I think the quota in Chinatown was always filled just as quickly as in any other part of our city. At the end of the war they were blackmailed by the communists in China; threatening letters were written to the effect that if they did not pay so much their relatives in the homeland would be liquidated. These Canadian Chinese went through that sort of terror for many months, and yet all the way they have stood firmly on the side of freedom, not wavering, have had no truck or trade with communists.

Today in Vancouver the consul of the nationalist government is a highly respected leader among the Chinese Canadians. You find him at all their functions, and their whole support has been given to the cause of freedom rather than toward helping the communist government in China. Just imagine what their position will be if Canada recognizes this communist government. There will be an ambassador here; there will be a communist consul in Vancouver and perhaps in other centres in Canada. What sort of pressure will then be put on the Canadians of Chinese origin? They will be in an impossible position. Not only will they be under terror, but so will their relatives who remain in China. We will have in effect communist beach-heads set up in this country, and that reason, if no other, should be sufficient to prevent the Canadian government from recognizing communist China.

Surely we must remember that communist promises have no value. I hope the Secretary of State for External Affairs (Mr. Pearson), when he goes to Geneva, will not be led down the garden path of communist promises that they are going to be good boys in the future. From statements given both by him and by the Prime Minister earlier in the debate one wonders whether the government is not going to be all too anxious to listen to promises of that kind from Red China.

I turn again to Mr. Dulles' speech of yesterday when he dealt with this same situation so clearly. He said:

> It would be reckless for us to ignore the events of recent years which have filled our archives with vain promises. We are not in the market for more. It is now the policy of the United States not to exchange United States performance for communist promises.

I hope that will be the policy adopted by the Canadian government. Later in his speech he said:

> We shall not, however, be disposed to give communist China what it wants from us, merely to buy its promises of future good behaviour.

I ask the position of the Canadian government on the statement of policy made yesterday by Mr. Dulles. I was amazed earlier this afternoon to hear our Secretary of State for External Affairs say that Mr. Dulles' policy speech yesterday did not affect Canada, and there would be no question of Canada being expected to give any co-operation.

Mr. Pearson: I never said that.

Mr. Green: If that is the idea the Secretary of State for External Affairs has of Mr. Dulles' speech yesterday, all I can say is that he must have read it backwards.

Mr. Pearson: That was not what I said.

[Mr. Green.]

Mr. Green: Well, that was the implication in the answer given by the minister, and he can clear this thing up very easily when he closes this debate and can say exactly where the Canadian government stands on this new statement of policy which has been enunciated by Mr. Dulles; whether or not Canada approves of that policy, and if she does not approve of it all, let the minister say in what respects Canada does not approve, and give Canada's alternative policy.

And, Mr. Speaker, recognition of Red China would not end the menace in the Pacific. Recognition did not end the menace in the Atlantic. There we have had recognition of the Soviet by most of the nations for a generation. Soviet Russia was an ally in the war and is a fellow member of the United Nations, and yet we had to form the North Atlantic Treaty Organization. Our Prime Minister on his tour went so far as to say there should be a broader integration among the nations that are partners of the North Atlantic treaty. By the way, the Prime Minister has not explained just what he meant by that statement. He should explain, or the Secretary of State for External Affairs should explain what is meant by that statement of our Prime Minister in western Germany. I have here a report from Bonn, dated February 11. The heading is:

> P.M. suggests much broader integration within NATO.

The article reads:

> Prime Minister St. Laurent, in the major address of his west German visit, last night suggested a concept of integration of the western powers much broader than the North Atlantic Treaty Organization or the European defence community.
>
> In a dinner speech, while a guest of Chancellor Konrad Adenauer, before members of the west German cabinet, the Canadian leader put forward the idea of a political, economic and defence system of countries situated around the "great basin of the Atlantic".

A further paragraph quotes the Prime Minister (Mr. St. Laurent) as saying:

> Perhaps the time has come now to consider whether some steps toward closer integration . . . should be taken within the larger framework of the North Atlantic community.

The Secretary of State for External Affairs (Mr. Pearson) in his speech said that in the Atlantic we want collective action, and we want consultation. Apparently all these things are necessary in the Atlantic. But in the Pacific what system is there for united action? Such a system was not even mentioned by either the Prime Minister or the Secretary of State for External Affairs. There is no clear-cut policy. This subcommittee

of the House of Representatives dealt with that too in their recommendations published yesterday when they stated:

> The United States and free world lack a "clear and firm policy" on Asia and should draft one quickly.

Asia today is the key continent. I have as an authority for that the Secretary of State for External Affairs. In 1950 upon his return from a trip to the Far East a report was issued the heading of which is, "Asia, not Europe, Key Continent Now: Pearson." The article continues:

> Freshly returned from the trip today, Mr. Pearson said there had been a shift in the centre of gravity in international affairs from Europe to the Far East.

He went on:

> Soviet imperialism, for the time being, seemed to be contained in Europe by two factors; the military alliance created by the Atlantic pact and the economic progress which had been attained. In the Far East, however, the Soviet brand of communism appeared to be making great progress, he noted. There was a danger it might overrun the whole of Asia. Its most dramatic success had been in China.

That was on February 10, 1950. Yesterday the same hon. gentleman was quoted as saying here in Ottawa in a speech on Sunday, March 28:

> Mr. Pearson said that in his view there was nothing more important in the world today than the 800 million people in Asia.

The Pacific area is obviously far more dangerous than the Atlantic and has been for some years. There has been a real war going on in the Pacific for some years now.

Red China and the Soviet are together in Asia. It is not a case of just the Soviet union. You have these two great nations together. Just think of the reserves of manpower available with which to make trouble in Asia. Red China is communist. We hear a lot of talk about this being an agrarian movement in China. I have here the latest publication of the "Behind the Headlines" series of the Canadian Institute of International Affairs. In an article entitled "China under Communist Control" the author, Dr. A. Stewart Allen, who was a medical missionary with the United Church of Canada in China from 1929 until he was deported in 1951, and who should know what he is writing about, states:

> A large number of people still do not realize that the present changes there are not mainly the result of an agrarian reform movement, but of Russian communism which is the basis of the present government.

He goes on to describe how the Chinese have tried to indoctrinate prisoners and people there who are in their control. He states:

> In indoctrination classes it was very plainly stated that the Chinese plan is to assist in ushering in world communism. They state they have no need to worry about their northern borders which are friendly. But on all other borders, and especially to the south, they must assist in "liberating" their "friends" from their "colonial and oppressed status".
>
> Indo-China, Thailand, Malaya, Indonesia, Burma, India are all in the next line of threat from China.

In Toronto a few weeks ago, the date was January 25, Lieutenant General A. C. Wedemeyer of the United States dealt with the same question and he said in part:

> However, many of our leaders were influenced after world war II by communist propaganda to the effect that the Chinese reds were peaceful agrarians—democratic and friendly to the objectives of the west. We have been paying for that false judgment ever since.

He was addressing the Toronto board of trade. He pointed out that he had known Mao Tse-tung and Chou En-lai for some years before they came into power. He stated:

> They owe everything to the Kremlin, from which they received their training and support. They are still receiving liberal assistance from the Soviet union. So long as the communist oligarchy is secure in its rule of the Soviet empire, in my judgment, the Chinese reds would not dare desert it.

Canada, our own country, is directly affected. Canada is a nation on the Pacific. Sometimes people think Canada only faces on the Atlantic, but Canada also faces on the Pacific and the Arctic and we would be wise to remember that in this house.

If Japan or Formosa or the Philippines go red then the first line of defence for this nation will be on the west coast. Make no mistake about that.

If North America is ever invaded it will be from Asia, not from Europe, and it will be by the red Chinese. Let us not forget that fact either.

Earlier today we had questions about the results of the H-bomb tests at Bikini. On our west coast a few days ago they were using geiger counters to see whether a shipload of tuna fish caught by Japanese fishermen was radioactive. Our west coast is vitally concerned as regards the Pacific ocean and it should be remembered, Mr. Speaker, that the Pacific is not yet an American lake.

These things affect Canada on the Pacific but very little has been done in that area to build a cohesive defence. The United States has a series of agreements. She has a defensive agreement with Australia and New Zealand known as the ANZUS treaty; she has another with the Philippines; and

another with South Korea and she has a treaty of a little different sort with Japan. But Canada has been standing aloof in the Pacific. Canada has been following a no commitment policy in so far as entering into any defence treaty has been concerned.

Mr. Pearson: We have had 30,000 men in Korea.

Mr. Green: I am aware of that, but Canada has not seen fit to take any part in any of these treaties in the Pacific.

An hon. Member: Except in Korea.

Mr. Green: Canada should take a stand. Canada should have a policy for united action in the Pacific, a policy such that she will be consulted. We should be consulted about what is to be done in the Pacific, and we should have a policy of such a nature that the freedom-loving nations could work together in that area.

The present government has never agreed. The Secretary of State for External Affairs has rather pooh-poohed my suggestion along these lines now for several years. I suggest the time has come for Canada to take some action.

My suggestions have been that there should be worked out in the Pacific a defence pact similar to the North Atlantic Treaty Organization, and that in the meantime the ANZUS treaty could be extended to include some nations such as Canada and the United Kingdom. The Secretary of State for External Affairs replied with: "Oh, well, Canada has not been invited so how could we get in?" I am afraid Canada has never taken any steps to ask for an invitation. There has never been any suggestion from the minister or the Prime Minister that Canada was anxious to get in or that she would ever lift one little finger to bring about that result.

Senator William F. Knowland, the majority leader in the United States Senate, upon his return from a trip to the Far East last November made certain suggestions. I have here a press dispatch dated November 17 from Washington, in which he had some very interesting proposals to make. It reads in part as follows:

> He expressed the hope that the new Philippine president Ramon Magsaysay would call a conference of free "non-neutralist" Pacific nations as soon as possible to consider widening the old Australia, New Zealand, United States pact, which he said was too narrow a base, savouring too much of the outworn colonialism, to build a general Pacific security system on.

Then the report continues:

> Senator Knowland envisaged the conference as including, besides the English-speaking nations of the Pacific, the Philippines, South Korea, Japan, Formosa, Thailand, the Indo-Chinese succession states of Laos, Cambodia and Vietnam, and went as far west as Pakistan, where the United States is considering establishing American bomber bases.

He was asked about Canada, and whether he thought Canada should be a party. The report states as follows:

> Asked whether he thought Canada should be included in the proposed conference, Senator Knowland said:
>
> "If a conference of free nations were held certainly I would think Canada would be included."
>
> Canada, although a major Pacific power, is not a party to ANZUS or any other Pacific regional pacts created by the United States. Senator Knowland said he thought it was imperative to get the conference under way soon. "Time is of the essence", he said.

I asked the Secretary of State for External Affairs about that matter in the house in November. As reported at page 151 of *Hansard* he replied as follows:

> Mr. Speaker, I am not aware of any such negotiations taking place at the present time or of their imminent likelihood. I am aware that certain proposals have been made in Washington by members of the congress looking toward the extension of that pact. However, there have been no governmental negotiations as yet to this end.

Other suggestions have been made. Why would it not be reasonable and perhaps vital to encourage natural alliances of the Asiatic nations, to extend the ANZUS treaty, and to make a real attempt to build in the Pacific a defensive alliance? I should like to hear from the Secretary of State for External Affairs, when he answers, why it is not possible for something like that to be done. My suggestion may not be the best one, but we just cannot continue to have a vacuum in the Pacific. Something must be done to meet the situation in that area.

To me it is strange that the Prime Minister of this country, in thinking of the future in the Pacific, seemed to think that recognizing red China would end all the trouble. I regret that, while he was in the Far East, he did not direct his efforts to promoting a policy for united action by the freedom-loving nations in the Pacific area.

I hope that the Secretary of State for External Affairs, when he replies, will be able to tell us that Canada is now adopting a policy which will bring about that end. We have waited all too long for leadership from the Canadian government with regard to Canada's interest in the Pacific. On this question we have had altogether too much soothing syrup from the Secretary of State for External Affairs. I hope he will now tell us that, for our own protection and in the interests of our fellow nations associated with us in trying to save freedom for the world, Canada must adopt in the Pacific area a policy which is more realistic than any she has ever had.

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, I rise to support the stands taken by my leader in connection with the question of the recognition of China, the question of technical aid and assistance to undeveloped countries, the extension of the Colombo plan and also urging every proper development of the trade and cultural relations of all countries. I endorse the remarks he made concerning the hydrogen bomb and his appeal to the Secretary of State for External Affairs (Mr. Pearson) to urge that no further bombs be exploded until we have an opportunity for consultation between the countries concerned.

When the hon. member for Yorkton (Mr. Castleden), I think it was, asked a question of which he had given notice—and I understand it was considerable notice—concerning the hydrogen bomb, I was rather surprised that the minister in question simply replied that he would take it as notice of question. Regardless of what has been said in this house by various speakers concerning the public concern over the future experimentation with the dropping of hydrogen bombs, I also notice that Washington just goes ahead and seems to do just what it wants to do, without any consultation or without informing us of what is being done. We hear about it afterwards.

I have been greatly interested to note that there is a sharp difference of opinion between the Progressive Conservatives and the C.C.F. with respect to this question of the recognition of China. In fact, our recognition of China has been taken, by the benches on the right, somewhat as a sinister affair according to some of the remarks that have been made by various speakers, particularly the Leader of the Opposition (Mr. Drew), the hon. member for Eglinton (Mr. Fleming) and, this afternoon, the hon. member for Vancouver-Quadra (Mr. Green). What interests me is that the Progressive Conservatives in this house apparently hold a quite different point of view on this question from that of the Conservatives in the British House of Commons. When this matter has been raised previously, as it was, I think, when the Leader of the Opposition was speaking, his answer was, "Oh, yes; Great Britain expressed those opinions prior to the Korean war". But that is not so. I want to quote briefly from an article which appeared in the Vancouver *Sun* of Friday, September 4, 1953. It clearly indicates that the government of Great Britain today takes a very different point of view towards the recognition of China at this time from that which the Progressive Conservatives take in this house. Strangely enough, the C.C.F. group in this house are much closer to the Conservative government in Great Britain on this question than are the Conservatives in this house. I will quote briefly from this article. It is entitled "U.K. Wants China in UN When Time is Ripe" and reads in part as follows:

> Admission of Red China into the United Nations is advocated by the United Kingdom as a matter of practical diplomacy. In no way does it involve approval of communism.

That is our point of view. To continue:

> The British position is held despite the fact that London has maintained relations with the Red regime in apparently difficult and unrewarding circumstances.
>
> Recently Minister of State Selwyn Lloyd made a statement at Westminster which clarifies the United Kingdom attitude and touches upon the present situation in China. Excerpts follow.

These are excerpts from the minister's speech. And by the way, I should like to say that when it comes to a question of foreign affairs and I am in doubt I, as one of those who believe in building unity within the commonwealth, as does this party, would rather seek advice from the parliamentarians of Great Britain who have had such long experience in foreign affairs and have such great balance, than refer to Mr. Dulles day after day, after what he has done recently. Quotations from the minister's speech are as follows:

> The point of principle is made perfectly clear, that Her Majesty's government believes that the Central People's government should represent China in the United Nations.
>
> The issue, therefore, is one of timing.
>
> It is a matter for discussion, not necessarily for public discussion, but we have again and again indicated that as soon as the armistice occurred this was a matter which would have to be considered between us and our allies.
>
> I would say categorically that I regard the signing of the armistice as having advanced this matter.

While the Tories of this house are trying to push it backwards. To continue:

> It has certainly brought us one stage further forward.
>
> I will state all the points which seem to affect the matter . . . First of all, there is the question of the observation of the armistice agreement itself. It is an exceedingly complicated agreement. Speaking frankly there is ample opportunity for friction between the parties to it; we sincerely hope that it will be honoured on both sides in good faith, but there is a great deal of opportunity for friction, and we have to see how the situation develops.
>
> Then under the terms of the armistice agreement a political conference has to be set up, and until we see what progress is made at the political conference, with the very thorny problem of Korea, we cannot know whether the armistice is going to be permanent. We have to see how the political conference shapes.
>
> I do not say for a moment that we have to wait two, three or four years, but we have to see how the discussions take place, and whether there is really on both sides the degree of good faith which will make a success of the armistice. That will be shown in the course of the political discussions.

I submit that the attitude of the government of Great Britain is one of common sense. It does not approach the question having made up its mind prior to any meeting that China cannot be recognized. It is approaching the question hoping for good faith on both sides and as a result of that expression of good faith the recognition of China and admission of China to the United Nations. That is exactly the attitude of the C.C.F. group in this house, although some of our good friends to the right seem to consider that a rather radical suggestion.

I listened most carefully to the minister's explanation of Mr. Dulles' explanation, and while I fully appreciate, and I know the house appreciates, the stand the minister took in the speech he made in Washington, I must admit that when he finished I was just about as foggy as when he started. I am of the opinion that when Mr. Dulles made the first speech he intended to say what he did say and later tried to explain it away. My conviction is somewhat strengthened by reading a speech Mr. Dulles made at the American Legion convention last September which I think clearly indicates the frame of mind with which Mr. Dulles approaches these questions. He addressed the American Legion convention in St. Louis on September 3 last year, and with respect to relations with the world at large he went on to say:

> There is much talk these days about the increased responsibility that now devolves upon the United States. That responsibility is a reality . . . we do not now have to be constantly taking international public opinion polls to find out what others want and then doing what it seems will make us popular. Leadership won that way is shabby and fleeting. Our present duty is rather to adhere with increased loyalty to what, in our past, has been tested and found worthy.

Mind you, the past has been one of lack of consultation in these matters with the rest of the world.

> For more than a century our conduct and example won for us world-wide respect and prestige. That is the only kind of leadership worth having.

I think these remarks indicate Mr. Dulles' rather independent attitude toward this question of consultation with allies before making statements and important decisions. As far as this group is concerned, we are of the opinion that when Mr. Dulles made that statement he intended to frighten the Soviet union, but all he has done is to frighten most of his allies. We do urge that strong representations be made to indicate the repercussions in this country following a speech such as Mr. Dulles made with respect to massive retaliatory action and so on in case of certain circumstances.

In listening to the minister's speech I was interested to note that he made very slight, if any, reference to article 2 of the Atlantic pact. We have heard a great deal about that in recent years but as far as I am concerned I can see very little action and I strongly second the remarks of the hon. member for Winnipeg North (Mr. Stewart) who, I think, made a most excellent contribution to this debate, particularly on that point. I was particularly interested in listening to Mr. James Minifie's remarks on "Mid-week Review" on February 11, 1954. I thought what he had to say concerning article 2 of the North Atlantic treaty alliance was very fitting so I sent for a copy of the script. I must give the C.B.C. credit. They did not have a copy here and actually sent to New York for it. I got the original script from which I have had a copy made. On that date Mr. Minifie made remarks which I thought were most fitting and which convey in a very few lines the sentiment of a goodly number of people, including the members of this group. He said:

> The NATO alliance was originally set up with a very definite restriction, it becoming a purely military organization. This was paragraph II of the North Atlantic treaty, which was inserted by Lester B. Pearson, Canadian secretary for external affairs.

I see the minister shaking his head. Is he denying a good thing?

Mr. Pearson: It was not the act of any one man.

Mr. Herridge: The minister took a leading part in proposing that section, I presume. I continue:

> It was heavily supported by the Norwegians, the French and the Dutch. Sentiment in favour of it was so marked at the first council meeting that Mr. Acheson directed that the minutes note that the sense of the house was that paragraph II be taken up at the next meeting. This did not happen. Paragraph II to all intents and purposes became a dead letter. It dealt with political, economic and cultural meshing of the members of the alliance. It was designed by the smaller members of NATO to prevent a feud which they already foresaw. This was the subordination by the most powerful members of the alliance—the United States and the United Kingdom—of everything to the military factor.
>
> The smaller members, and there are twelve of them, were deeply concerned over the peaceful development of the alliance. But this ran counter to the trend of the United States, which was more and more to prevent any sacrifice or delegation of national sovereignty. The ideal of the smaller members could be summed up in the words of Lord Acton, the great historian of two generations past. He said: "The process of civilization depends on transcending nationality," and he added, "The nations aim at power—the world at freedom". This, when you consider the heart of the matter is the basic difficulty which the grand alliance is now

facing. It is the return to nationalism or to what Walter Lippmann recently described as "cantankerousness under the guise of patriotism".

I thought that was very well put and I hope when the minister replies at the conclusion of this debate he will inform the house what has been and is being done under article 2 of the North Atlantic treaty, or what is proposed.

I come now to a question on which I particularly want to say a few words this afternoon because I feel very keenly about the matter. What I have to say this afternoon represents the opinions of a good many veterans in my constituency and a good number of Canadians throughout Canada. I refer to the question of German rearmament, and I want to say that in this respect it is my opinion that history is clearly repeating itself. Two generations of youth of major countries have been sacrificed to repel unprovoked and brutal aggression on the part of German forces. The first world war was fought to make the world safe for democracy. At least, that was the slogan at that time. What was the result? Read the histories after the first world war. Read Ludendorff, and Field Marshal Kesselring, who completed his memoirs just last year. The former commanders of the German army were not long in making their plans behind the facade of the Weimar republic to build up the German general staff while they kept the facade of the republic going. For some years it was the German general staff and the German military clique, over the opposition of the democratic socialists who wanted to maintain and improve the republic, that planned a second venture in aggression and brought Hitler to power. At that time the German generals were assisted by the major industrialists who used the republic as a screen for their co-operation with the re-formed general staff and the final build-up of Hitler and the second world war aggression. I might say that the first memorandum with respect to the bringing together of the former general staff, which was supposed legally not to exist, and the working in co-operation with the major armament manufacturers, was actually drafted in 1924.

We had a second world war fought to defeat nazism and fascism and to build a world based on the principles of the Atlantic charter, in which a great many people lost their lives. So far as I can see, Mr. Speaker, the result is that the same old gang are getting into power again. The military clique in Germany is gaining power daily and the industrial leaders, many of whom supported Hitler, are now increasing in power. The very people who opposed Hitler, and were our allies in spirit although they could not take much action under the tyranny of the nazi regime, are being pushed aside and having less and less to say in Germany today. I get a lot of information from considerable reading, and from a good many relatives and friends who have a considerable interest in continental and international affairs.

What do we find in Germany now? Large numbers of former nazi officers are holding office under the present German government. I believe something like 46 per cent of the office holders in the present German government were former officers of the nazi regime, while many who opposed Hitler are ignored. To illustrate the sentiment that exists in my own district, I want to quote from the Nelson *Daily News* of Friday, April 24, 1953. This is a conservative newspaper, but it often takes a different view from that of my friends on the right as well as on the left. The leading editorial is headed, "A disturbing sign," and reads as follows:

> There are many more nazis in the west German foreign office at Bonn today than there were in Berlin under Hitler, according to Mr. William L. Shirer. Having lived in Hitler's Germany, this correspondent makes a good witness. He may be overstating the case to some extent, but unfortunately facts generally known tend to bear him out.
>
> Relatively few nazis were punished for their affiliations, and of the relative handful who drew prison terms, most have been released. These are considered to have atoned for their errors, and gradually have been accepted in post-war German life. But by and large they have not changed their beliefs or their ways.

That is clearly indicated if you read some of the German papers and find out their position on the situation now.

> This pattern is not peculiar to Germany. It has become apparent in Italy as well, although possibly on a less menacing scale. There fascism is impeded by governmental edict, but neo-fascist groups are operating more or less openly, and showing many of the old characteristics . . .
>
> The resurgence of nazi-fascist arrogance so soon after those movements were overpowered by force of arms is a disturbing sign. How to deal with them is a problem, but one lesson learned is that they will not be swayed or impressed by moral suasion.

That means they are not to be swayed or impressed by the use of the methods of democracy, by argument and moral suasion. We read in the papers of war criminals being released, returned to private life and being honoured by their fellow citizens in the various communities from which they come. In many cases also we read of their being at veterans meetings and being acclaimed as leading people so far as these Germans are concerned.

The bodies of war criminals, who were found guilty of atrocities and executed, are being exhumed and given what is termed a worthy reburial under official auspices. In many cases there is not any kind of repentance for crimes against humanity. The other day when the Leader of the Opposition was speaking he said he recognized the atrocities and the brutal aggression of world war I and the losses we suffered as well as the brutal aggression of world war II and the losses we suffered. But he went on to point out how necessary it was to have these allies. I want to say this, that the people with whom he wants to get chummy do not look upon these atrocities—I am talking of the generals now and not of many of the ordinary people—in the same way he did when speaking the other day.

I was reading Field Marshal Kesselring's memoirs recently and was struck by what he had to say in concluding the book. It is written in quite an objective way from the German field marshal's point of view. There is no sign of any wrong being done. He spoke of the partisans in Belgium and France, who were fighting for their country, and had to be sacrificed. This is what he says, and these are the people who will be our allies and be part of the European army:

> I did not lightly decide to write this book. In the end I made the decision in order from my observatory to contribute something towards a truthful record of a good piece of German history, to the raising of a monument to our magnificent soldiers.

That is just one quotation. I could give dozens of quotations. They show that there is not the slightest sign of understanding of our point of view. I claim, Mr. Speaker, that giving people of that kind command over an army, and integrating them into forces with which we wish to defend ourselves, is simply becoming allies of people who have no understanding of freedom or what it means. Their major objective in life is to retrieve their lost and tattered reputation by war conditions.

Now, what about the situation in the Far East? The dynamism of the nazi people, the industrialists and these military people, is spreading over the Far East. We have former nazi officers of high rank training these forces of Egypt. We find Dr. Voss, the former managing director of the Hermann Goering Works, is in Egypt arranging for the manufacture of arms. We find other German officers are now training the Syrian army. There are teams of bankers, technicians and businessmen flooding the eastern countries. We find Dr. Schacht—I shall always remember with pride that there was one Canadian who had guts enough not to shake hands with this infamous nazi, that is Dr. Schacht, when he met him in Indonesia. This action resulted in strong repercussions across this country. I have met hundreds of people who expressed their admiration for Dr. Keenleyside when he refused to shake hands with this behind the scenes nazi who was actually worse than Hitler, because Hitler was the front man but he was one of the engineers of the war, who was able to get his neck out of the noose later on.

This Dr. Schacht is now the financial adviser to Turkey and Greece, and some of these eastern countries. I want to quote from the *New Republic* of December 14, 1953. In my own opinion it is a most dangerous thing to consider rearming Germany because we will have a tremendous force in central Europe and, in time of crisis, we do not know upon which side they will fight. This is what the writer of this article has to say:

> Western authorities in Syria state categorically that there is a communist element in the German military mission there. The "reliability" from the west's point of view of the Germans in Egypt and elsewhere is anybody's guess. It is important to remember, however, in any discussion of this type, that—as post-war experience in Europe and the Near East has clearly shown—former nazi and fascist sympathizers take to collaboration with the communist far more readily, on the whole, than lifelong democrats, whether Conservative, Liberal or socialist.

Before concluding, I just want to deal with a couple of clippings I have here. I have a dear old aunt, Mr. Speaker, who has taken an interest in my spiritual welfare for 45 years. Because I am an Anglican, she has insisted on sending me the Methodist *Recorder* throughout that whole period. I just want to read from that paper because the editor is what I think would be termed a liberal, with a small "l". He writes on foreign affairs most intelligently, and he is listened to with a great deal of respect in Great Britain, like the former editor of the *British Weekly*. I want to quote from the editorial of October 1, 1953, because I think it is worth considering. It is headed, "A return to dictatorship". It reads:

> If the information coming out of Germany on the government's probable attitude to the press and radio is reliable, as it appears to be, these organizations may soon be working under a censorship not much less effective and stifling than that which existed in the palmy days of Hitler.
>
> The chancellor, Dr. Adenauer, is not yet reported to have agreed with the proposals—and indeed is said to have denied them—but it is clear that great pressure is being brought to bear upon him, though it is difficult to believe that a man who has proved himself to be so liberal-minded, and so doughty a fighter for freedom, will ever bring himself to assent to them. It would be more than that; it would be playing into the hands of an authoritarian party which would bring back some of the worst oppressions from which it was hoped that Germany

had been delivered. It is proposed to set up a new ministry of information, but that is a very harmless title for a very dangerous experiment. It would control press and public relations, and all German propaganda, including radio, television and films. It would issue a "Government press summary" which press and radio would be obliged to quote without comment or criticism; control absolutely all foreign broadcasts, and prepare laws to make newspapers and radio organizations partly subservient to the government. The drafts of these laws indicate their intention. Newspapers would be silenced for periods up to six months for "opposing constitutional order". Editors and journalists who print what is called "distorted news directed against the state" would be fined 100,000 marks, and imprisoned for two years; journalists who came under the ministry's condemnation could be barred from practising their profession for five years. These phrases smack too much of the old dictatorship and of modern Russia and her satellite countries, to be read without apprehension. The vagueness of some of them does not make them more palatable. Almost anything, for instance, can be read into "opposing constitutional order". It was indeed a nazi expression that could be interpreted to mean just what the authorities wanted it to mean. If western Germany is contemplating the muzzling of the press, and the rigid direction of publicity, she would do well to think again. Few things would more quickly raise the suspicions of the free nations, give the communists an easier excuse for another accusation of the destruction of freedom, or do the Federal German Republic more harm in the eyes of that part of the world with which it has expressed its determination henceforth to ally itself.

I mention that because, regardless of the best intentions of the democratic elements in Germany, their best intentions will be pushed aside by the very people to whom I have referred—former generals in the nazi army, members of the former German general staff and those connected with former monopolies, as well as large industrialists.

I have here an article which appeared in the London *Tribune* of March 5, 1954, under the heading "Go to War With Russia, Says German Army Chief." I do not always agree with this newspaper, but I quote it because when it makes quotations from speeches or documents those quotations are absolutely reliable. It is a very trustworthy publication to quote from, so far as the facts are concerned. The article states:

> Herr Bodo Zimmerman, formerly General Zimmerman, and chief of operations to Field Marshal von Rundstedt, wants a German army. And he has a simple reason. He expects and wants a war.
>
> Recently Herr Zimmerman was appointed official publisher to the future German armed forces with the blessing of Dr. Adenauer's shadow defence ministry. He will soon be in business publishing manuals for the German army. He is waiting only for E.D.C. to be ratified.
>
> And these are his views recently given to a Sunday *Express* reporter and featured in an article by Milton Shulman which appeared in the early editions of last Sunday's *Express*. "As I see it," he said, "war is inevitable and the side which strikes first with all the force of atomic weapons will win. The future lies with whoever wages a preventive war.
>
> "The tension between East and West will continue indefinitely and will be broken only by war. It would be foolish for the West to sit idly by until Russia has accumulated the strength to defeat the West by striking first. That is why the West, if it is to defeat Russia, ought to launch a preventive war, using all the atomic weapons at its disposal".
>
> Others in Bonn have ideas about the proposed German army rather different from the rather comfortable notions propagated by Mr. Anthony Eden and Mr. Herbert Morrison in last week's debate.
>
> Reporting from the West German capital, Sebastian Haffner, *Observer* correspondent, wrote last Sunday: "There is now a tendency in German military planning circles to regard the modest figure of 12 German divisions laid down by the E.D.C. treaty as already obsolete and to think in far larger numbers. Very moderate and responsible governmental circles talk of 12 active and 12 reserve divisions.
>
> "There are, however, also some semi-official German military experts who speak in private of 60 German divisions, to be raised in a few years".
>
> Will not all these hotheads be held in check by Dr. Adenauer, hailed by Churchill as the greatest German statesman since Bismarck?
>
> Dr. Adenauer sometimes talks more tactfully today. Speaking in Hanover in December 1951 he said: "Our chief reason for wanting to enter the European army is to be able to recover our eastern territories".

I speak with some concern and agitation when we start out on the path of rearming Germany—12 divisions in western Germany and in the part controlled by the Soviets, perhaps 25 divisions. It solves nothing. We would just be reliving the history that followed two world wars. Actually we would be preparing the seeds for a third world war.

In conclusion I should like to recall an observation made by the late Field Marshal Wavell when visiting in Ottawa in 1949. Upon being questioned about the international situation he said, if I may paraphrase his remarks, that regardless of our fears of any other country or any other countries, in his opinion and as a result of his wide experience, the greatest menace to world peace in days to come would be a rearmed Germany.

I wish to express my unqualified opposition to proposals for the rearmament of Germany. I believe we would do far better to follow the advice given in Ottawa by the late Field Marshal Wavell—and when I say that, I am not speaking alone. I know I am expressing the views of many Canadians, including many Canadian veterans, who would consider it wiser to follow the advice given by the late Field Marshal Wavell than the advice we are receiving from some quarters concerning this question at the present time.

Mr. Elmore Philpott (Vancouver South): Mr. Speaker, I want to take part in the debate chiefly to make comments on some of the remarkable statements and misstatements made by members in the opposition.

I find myself in quite considerable agreement with the leader of the C.C.F. group in respect of much of what he said. With one of his suggestions, however, I must take very sharp issue, because it seems to me it would be most unwise to do as he suggested, namely to call off the experiments in connection with the dropping of the hydrogen bombs on the islands of the Pacific, and to transfer those experiments up to the northern Arctic. Of all the places in the whole wide world where there should be no monkeying around with any hydrogen bombs at the moment, certainly that place would be Canada's north pole territory. Because, after all, those boys might make another mistake, so that an explosion might go a little too far either to one side or the other of the pole. Then we would "have had it".

I must say that, while I admire as a person my good friend, the hon. member for Lethbridge (Mr. Blackmore), I find myself in direct and complete disagreement with the ideas he utters in the house. I found some of them most remarkable last night—such as this one, for instance:

> Certainly, Mr. Speaker, when the time comes, and it will come, because we are not going to lie down —there is not a man in this house who will vote for giving in to Russia—when we decide, as we will decide, where are we going to attack? How are we going to attack? Are we going to endeavour to send our few boys against approximately 800 million Russians?

And so on. If ever I heard a declaration of war, that was a declaration of war last night. I ask hon. members how that statement will read today or tomorrow perhaps in the newspapers of Moscow, and whether that is the kind of statement that should be made by a responsible member of parliament at this critical stage of history, when every man of intelligence and good will should be devoting every whit of his energy to try and stop this frantic armament race which is now plunging the world toward universal disaster.

While I am on this subject of the hon. member for Lethbridge, I must say that these constant references to this sinister world conspiracy that he is always talking about, of the Turko-Mongolian conspirator, interest me. After all, in the North Atlantic Treaty Organization, which is our main hope of security and stability in the world, the Turks are one of our most prized and staunchest allies, and every such reference to a Turko-Mongolian conspiracy is certainly, whatever else it is, an indirect insult to these gallant allies of ours, the Turks.

Let me turn to more important matters. I must say that I was literally staggered the other day when my old schoolboy chum and football teammate, the Leader of the Opposition (Mr. Drew), made such a colossal faux pas as he made in his reference to China and Yugoslavia. I must say that if it is true, as wise men have said, that no man's judgments are better than the information on which the judgments are based, well then, it is no wonder that the judgments of the Leader of the Opposition on international affairs are so far off the beam as they obviously are. Take this prize statement which appears on page 3377 of *Hansard* in his speech of March 26:

> There is a vast difference between Yugoslavia and China, not in the principles to which they adhere, not in the form of government, but in certain geographic realities. I almost hesitate to use that word "realities" or "realistic", having regard to the context in which it has been used, because "realistic" has been used as "materialistic", but "realistic" nevertheless perhaps does describe the approach we should make to it.
>
> Tito broke with the Kremlin not because he had broken with communism, but because he had certain ambitions of his own, and because he had a very powerful mountain barrier between him and Russia, and because he had behind him the ocean where he could get supplies—

I do wish that the Leader of the Opposition would go on that foreign trip and would take a trip to Yugoslavia, as I myself have had the great privilege of doing when I went myself to look over that country of Yugoslavia, and see whether, according to the evidence I could gather, they had had a real break with Russian communism; because, far from being, as the Leader of the Opposition so inaccurately said, protected by a great mountain barrier between Yugoslavia and Russia, Yugoslavia lies wide open to attack.

I myself have had the great privilege of going over almost every yard of the front line between the country of Yugoslavia and the country of Hungary. After all, I have had a little bit of experience in looking these things over, both as a participant, and as an observer in the war, and I must say that there is no country in all the world that is more wide open to invasion from the east than that same country of Yugoslavia, which was so unfairly belittled by the Leader of the Opposition in this particular reference. It is a country ideal for tank attack; and if the Russians ever should decide to attack Yugoslavia, with things as they are now in Europe, they could attack from the north through their occupied zone of Austria; they could attack from the northeast through their satellite state of Hungary; they could attack to the southeast through their satellite states of Roumania and Bulgaria; and they might even make a small attack from the rear through their satellite state of Albania. Therefore, surely it is incumbent on the Leader of the Opposition, in speaking of such

an important thing as this, and such an important ally as is that country, to get his facts straight.

I went all over that country of Yugoslavia. I found a police state trying hard not to be a police state and trying hard to move over into a spirit that is something of the spirit of western democracy. I remember on a Sunday morning going up to this very Hungarian border with our military attaché in Yugoslavia and seeing whole cities out on gas mask drill and civil defence drill. I remember seeing whole fields of boys, twelve-year-old boys, out under instructors having live rifle practice. I would say, Mr. Speaker, that if ever it should come to pass, which God forbid, that we should have a third world war, and if the Russians or their allies should attack Yugoslavia, in my opinion, every man, woman and child in that gallant country would fight, and in my opinion we could have no more sincere ally, because no matter whatever else Yugoslavs are, they are determined to have their own national liberty and not to be run by any other country from any other source whatsoever.

May I now come to even more serious matters. I regard the statements made by the hon. member for Prince Albert (Mr. Diefenbaker), for whom I have not only respect but a good deal of affection, as very serious. It is quite an honour to the hon. gentleman, who has for so many years sponsored in Canada this idea of a bill of human rights, to be singled out and invited to go over to Jerusalem to give a series of lectures on the bill of rights. His colleagues in his own party and his colleagues in this House of Commons can be proud of the honour paid to him in that respect. But what were we to think last Thursday, Mr. Speaker, when that great champion of human liberties and civil rights in Canada stood up in his place as the official foreign affairs expert for the great Conservative party and made such an astounding statement as is to be found on page 3340 of *Hansard*:

> I hope and trust that in return for the benefits of the present that are apparent in finding markets for surpluses Canada will not rush into trade with the U.S.S.R. and will give every consideration to the perilous possibilities inherent in contributing in meeting ferment in the Soviet union to which the Kremlin has found no better answer than more repression and the tyranny of purges.

He goes on to develop that idea. If the speech means anything at all, the speech of the hon. member for Prince Albert means that Canada should not sell any food to any communist country. A little further down he said:

> In my opinion there is no more strategic commodity in the world than the production of agriculture, for after all, as I am sure the Prime Minister (Mr. St. Laurent) found as he travelled in Asia, the H-weapon of communism in Asia is hunger.

I say, Mr. Speaker, that the hon. member for Prince Albert will live to be ashamed that he ever made such a foolish statement as that. I cannot understand how he could stand up in his place today and ask the Minister of Trade and Commerce (Mr. Howe) for further information about how we are going to sell our surplus wheat. We have a whole one year's crop of wheat that we have not begun to sell yet, and yet the most enlightened man in the Progressive Conservative party, some people say the only progressive one in the whole party, the one real known progressive in the party, stands up in his place and says that this great country of Canada should not sell food to any communist country. As a Canadian I say "shame", and as the member for Vancouver South, whose prosperity depends upon our shipping, I say that we certainly do not want any policy of "no truck or trade with the communists." We want a policy of peace with every country on earth. We want commerce with every country on earth, and I for one believe the hon. member for Greenwood (Mr. Macdonnell), the Conservative party's spokesman on finance, was on much more solid ground when he made reference during this session to the need for trade between Canada and all countries on earth.

I was also surprised at the conflict and contradiction between the arguments of the hon. member for Prince Albert and the hon. member for Eglinton (Mr. Fleming) because, speaking at four o'clock, I believe on Friday afternoon, the hon. member for Prince Albert suggested that Russia was in such a terribly bad way because of food shortage and famine. But speaking at 8.30 the same evening the hon. member for Eglinton raised a strong protest because the Canadian government did not protest more strongly because Russia was selling such immense quantities of food to Britain. The two arguments do not seem to fit together.

I must say I believe the most extraordinary argument of all was that advanced by the hon. member for Eglinton at the start of his speech when he made this statement, as reported at page 3355 of *Hansard*:

> I must confess to not a little surprise and considerable regret that the Prime Minister, having now addressed the house twice on the subject of his tour of the world, including many of the important nations of the commonwealth, said not one word about the vital and beneficent role that the commonwealth is playing in the struggle for world peace today.

If there ever was a remarkable spectacle, certainly we saw it in the attitude of the spokesmen of the Conservative party in this

debate. The once great party whose stock-in-trade, whose most fundamental of all principles, was this unswerving loyalty to the British commonwealth, and whose motivating idea was "at Britain's side whate'er betide" will now, I believe, have to rewrite its principles and perhaps have it say "at Dulles' heel for woe or weal." That surely must be the case if we can judge by the remarkable statements emanating from a Conservative party these days, because if ever a great leader contributed something to the welfare of that thing we call the commonwealth, and if ever a great leader of a great country in the commonwealth did make a speech about it on the old biblical principle "let others praise thee and not thine own mouth," then it was surely the Prime Minister of Canada. The Prime Minister is a great builder of a new commonwealth and he does not need to come home and make boasting speeches about what he did or did not do, and he certainly does not need to make vainglorious speeches about the commonwealth.

When I hear hon. gentlemen opposite, who used to be so fervent in their concrete expressions of practical policies designed to promote the welfare of the British commonwealth, and when I contrast their expressions now, which seem far more closely tied in with the United States and not with the British line at all, I ask myself, "Do the modern Conservatives of the year 1954 know what this thing the commonwealth is?" One would never know, judging by the expressions we hear in this house. We hear Conservatives taking a line diametrically opposed to the line proposed by most of the members of the commonwealth.

We all know that this thing the commonwealth is a strange organization. A cynic and wit once said "God protects drunks, idiots and the British Empire," and I believe that, in the light of the history of the past ten or fifteen years, when the war came to an end and people were predicting the liquidation or dissolution of what we call the British Empire, it would have taken a bold prophet to see the rise of these great new democracies of Asia which between them vastly outnumber all the rest of the commonwealth put together.

I wish our friends of the Conservative party who used to be so fervent about the British connection would give some thought to the real commonwealth which exists in this year of 1954, and not to the old British Empire which passed away with Colonel Blimp and Kipling in the last decade of the nineteenth century. The real commonwealth which exists this year is based on what? It is based on Britain; it is based on Canada; and of course Australia, New Zealand and South Africa. But the vast majority of the people of the new commonwealth live in India, Pakistan and Ceylon, and when I hear hon. gentlemen making the kind of rash statements I have heard in this house in the past few days, that we should never recognize the government of China, which is in fact the government of China, then I think to myself, "I wish these people who are making these rash statements would go out and spend a few months in the countries which now constitute the new commonwealth. I wish they would spend a few months in India; a few months in Pakistan; a few months in Ceylon, Burma and Indonesia, and all of the new democracies in Asia."

Every one of these countries of Asia, which must be the anchor and the hope of any peaceful future in that part of the world, they would find without exception, wants the recognition of the real government of China, not because they have any love of communism, because in every single case every one of them has a fierce fight on the home front with their own local communists, but because it is in their interests that stability be established in that part of the world. It therefore seems to me that before people go off so much at half-cock and make these rash and ill-advised statements of the kind we have heard in this house over the past week, to the effect that we should not recognize China—and indeed one member went to the other extreme and talked openly of attack—they should consider the commonwealth as it is in fact and not talk of commonwealth loyalty in terms of theory.

Just one final word about the much-abused kicked-about thing we call appeasement. I confess that when I heard my old friend the Leader of the Opposition getting wrought up about whether we might possibly appease our enemy my mind went back to that very day when Mr. Chamberlain returned from Munich, because on that very day I was to speak to the Canadian Club of Edmonton. Two or three days later the gentleman who occupied the position now occupied by the Leader of the Opposition was to follow me on the same platform. When I rose to speak, Mr. Chamberlain had just returned from Munich waving his piece of paper and uttering these words: "Peace with honour, peace in our time."

After all, I was hired to give a speech on international affairs. When I rose at noon I said that it was not peace with honour, that it was not peace in our time and that within a very short time the certain effect of what was done at Munich would be a deal or, as I called it, a dicker between Russia and Germany, which came, as we all know, within a year. I will never forget the dear lady who

was the chairman sitting there beside the lieutenant governor of Alberta. When I came to the end of the speech and the dear lady had to rise and say something to wind up the meeting, she audibly groaned as she rose to her feet, as much as to say "What can I ever say after that?" Then about three days later the leader of the great Conservative party in Canada, the then leader of the opposition, stood on the same platform and pretty well blasted everyone all over the map for daring to oppose Mr. Chamberlain's wonderful plan of appeasement.

I think there has been no more abused word that this word "appeasement". No other word has been so kicked around since as has been this word "appeasement". I took the trouble to go back and study history to find where this word and this process which has come to be known as appeasement was first used. I think I found it because I traced it back about six thousand years. If anybody can take it back any farther than that, I will yield my place right now.

You will find the first use of the word "appease" in the very first book of the Bible. It is found in the book of Genesis, in dealing with the story of Jacob and Esau. We all remember that Jacob, who was a very smart operator, had put over a very fast trick on his brother Esau and had cheated him out of property that belonged to Esau or should have gone to Esau. Jacob made his getaway and after a great many years was coming back to meet his brother Esau. But as he began to come back to meet his brother Esau he began to fear for his own hide; he began to fear for his own neck. If you look it up in the book of Genesis, you will find that Jacob devised a very clever plan because he said, "I must appease my brother Esau"; and he sent him a whole series of presents. If you take it that appeasement is making some kind of reparation for a dirty trick that you have played on the enemy, I do not think that appeasement is such a terribly bad thing. But I do not believe that it now applies because I do not know of any terribly dirty thing that we have done to the communists, the Russians, the Chinese or anybody else.

When appeasement came up in the late thirties and when, I am sorry to say, leading members on both sides of this house were at the beginning very strongly in favour of appeasement, appeasement became a sort of perverted process whereby you bought a little bit of time for yourself by selling out your poor relations to your enemy, as was done in the case of Czechoslovakia. But let us never think for a moment that there is anything similar or equivalent to that in facing the facts. There is no appeasement if we go down the road of working out and trying to get an honourable peace with those with whom, if there is failure to get that peace, we will be engaged in mortal combat within a very few years.

I for one, Mr. Speaker, have no idea whether or not we shall escape a third world war. I do not know. I would not bet any money on it. I think that the most likely outcome of the present armament race in which the great nations are engaged is a third world war. I cannot find a single case in history where an armament race ended in anything else but war. However, I know this. If through God's grace and our own intelligence we get a reprieve and if we call a halt to this mad and frantic armament race which is now speeding up to its last spasms, the world will have to take a different direction from that which has been indicated in some of the speeches made in this house in the past week. We shall have to sit down with the people that are and have been our enemies, and we shall have to try to reach a basis of live and let live.

Therefore if you ask me what I have to say about the question of recognition of red China, I say that it is not my responsibility to say anything about it this afternoon. I know this, though. It is wanted by all of our great partners out in Asia, on whom we depend and who are the real strength of this thing the commonwealth. After all, if we never agree on another thing, let us never forget that this thing called the commonwealth is still the greatest institution in the world today for the stability and security of all of us. It is greater even than NATO and all of these other organizations that you can talk about. Our partners in the commonwealth want the recognition of China on an honourable basis. I for one fervently hope and pray that in the next few months things will turn out so that it may be possible for us to take at least a real step, not only along that path but to work out a basis of honourable peace with our great neighbour across the Pacific, which is by far the mightiest nation in the whole world today, a nation which before the second world war bought 38 per cent of all the pulp produced by our biggest pulp and paper company in British Columbia, namely the Powell River Company Limited, and which could buy much more than that again if we had stable relations worked out. I hope and pray we shall go down the road which may lead to peace and not go down the road which, in my opinion, will certainly lead to war.

Mr. Drew: Mr. Speaker, I rise only on a question of privilege. I want to make a reference to something that has been said merely for the purpose of keeping the record

straight, without in any way attempting to conduct a debate about the statements that have been made. I only wish that my regard otherwise for the hon. member who has just spoken could carry itself to a similar regard for his memory. I would point out that there are sitting on this side of the house a number of hon. members who in the years immediately before the war demonstrated both their faith in the commonwealth and their belief in preparing for a war that seemed to be coming.

Mr. Deputy Speaker: Order. Do I understand that the hon. gentleman's question of privilege arises out of something that took place during the speech of the hon. member for Vancouver South (Mr. Philpott)?

Mr. Drew: Mr. Speaker, I would not have risen if it had not.

Mr. Deputy Speaker: If so, may I say this. I listened carefully to the remarks of the hon. member for Vancouver South and I do not think that any question of privilege could arise.

Mr. Drew: Mr. Speaker, I am not going to enter into a debate with the Speaker but I am going to say emphatically that this is the first time I have heard any Speaker give a blank commendation of a speech that had just been given. I shall say no more.

Mr. Deputy Speaker: Order. May I say this. I merely carefully asked the Leader of the Opposition whether his question of privilege arose out of the remarks made by the hon. member for Vancouver South. I have listened carefully to the whole of that speech, and I do not think that any true question of privilege can arise. I should like to draw the attention of hon. members to citation 193 of Beauchesne's third edition, which reads in part as follows:

> Members often raise so-called "questions of privilege" on matters which should be dealt with as personal explanations or corrections, either in the debates or the proceedings of the house.

I feel that anything that was said by the hon. member for Vancouver South could only be refuted, if necessary, at a future stage in the debate. I do not wish in any way to make a blanket ruling in advance because I very carefully asked the Leader of the Opposition what his question of privilege consisted of.

Mr. Drew: Mr. Speaker, I am not going to extend the debate beyond pointing out that I have already spoken and therefore cannot reply, and that you are denying me the privilege of making the comments that I proposed to make.

[Mr. Drew.]

Mr. Gordon Churchill (Winnipeg South Centre): Mr. Speaker, I do not propose following the hon. member for Vancouver South (Mr. Philpott) in some of the statements he has made except to express my regret that he should quite incorrectly find fault with the official opposition for its stand as far as the commonwealth is concerned. He quite incorrectly stated that members of the official opposition used the word "never" in connection with the recognition of China. I do not recall that word having been used on this side at all. He also quite incorrectly said that some member of the official opposition suggested an attack on the communist countries. These statements were uncalled for and are not at all in accordance with the facts.

My purpose in rising at the present time is to direct my attention chiefly to one topic, the importance of Indo-China and its relation to NATO and the European defence community, and to support in that regard the stand taken by my colleague, the hon. member for Vancouver-Quadra (Mr. Green). I think in the course of this debate our attention has not been sufficiently directed to the trouble spots of the world. The debate has ranged very far afield, and quite naturally, the subject being very large. But I had hoped that more particular attention would have been drawn to the trouble spots of the world. I had hoped that when the Prime Minister (Mr. St. Laurent) returned from his world trip he would have directed our attention to some of these trouble spots.

There have been other world travellers. It is only five or six months ago that the vice-president of the United States made his world tour and returned to report that "everything depends on Indo-China". When the Prime Minister returned his reference to that particular part of the globe was not very extensive. I note that on page 3333 of *Hansard* of March 25 the Prime Minister, in mentioning the grave concern of the whole world with respect to the fighting going on in Indo-China, said:

> I had the distinct impression that most of the embarrassment felt by French leaders with respect to the European army was a consequence of the drain upon their human and material resources as a result of the fighting going on in Indo-China.

I suggest it was not necessary for the Prime Minister to go to Paris to gain that impression. I think it has been well recognized for the last two or three years that the troubles of France in Europe and in connection with NATO have arisen from her difficulties in Indo-China. The Secretary of State for External Affairs (Mr. Pearson) is well aware of that problem and pointed it out

to us last year. I wish that he had pointed it out as clearly again this year. Here is what he said just about a year ago when we had our debate on external affairs. His words will be found at page 1855 of *Hansard* of February 11, 1953.

> But in Indo-China which, in some ways, is the most important part of this southeast Asian area, bitter fighting is still going on to keep this territory under nationalist but out of communist control. In a resolution adopted on December 17, 1952, the North Atlantic council expressed its wholehearted admiration for these efforts and acknowledged that the resistance of the free nations of southeast Asia was in fullest harmony with the aims and ideals of the Atlantic community, and agreed that the campaign waged by French union forces in Indo-China merited support from NATO members. Indeed there is a close strategic relationship not only between events in Korea and in Indo-China, but also between events in Indo-China and in western Europe, because events in Indo-China have a very important bearing on France's contribution to the defence of western Europe.

A day or two later the Secretary of State for External Affairs, speaking again in the debate, had this to say, as found on page 1865 of *Hansard*:

> The latter problem of Indo-China, which we touched on yesterday and which is so important to the free world, was publicly recognized as such at the December meeting of the North Atlantic council; and I think it is at the root of French fears and hesitations in Europe at the present time.

I suggest, Mr. Speaker, that you might contrast that attitude of 1953 with the attitude now in 1954. In the debate the other day the Secretary of State for External Affairs, dealing with the subject of the Geneva conference, had this to say as found at page 3327 of *Hansard*:

> At the Geneva conference there will also be discussed the question of Indo-China . . . this question should be discussed by representatives of France, the United Kingdom, the United States, the U.S.S.R., the Chinese People's Republic and other interested states. As hon. members know, the problem of Indo-China, where bitter fighting has been going on for eight years and is going on today, has never been submitted to the United Nations for consideration, and for that reason Canada has not been as directly concerned with this matter as we were with the aggression in Korea.

Speaking of the critical significance of this struggle, he says further:

> . . . it affects the security of the neighbouring countries in southeast Asia and . . . it affects the ability of France to make the maximum contribution to European and North Atlantic security and co-operative arrangements. And so, while we do not expect at Geneva to take any active part in discussion of Indo-China, we shall of course follow these talks with close interest and take advantage of any opportunity that may be afforded to us to help in bringing some satisfactory conclusion out of this particular matter.

At page 3358, in answer to a statement made by the hon. member for Eglinton (Mr. Fleming), the Secretary of State for External Affairs intervened to say:

> . . . I said a relatively minor part in the Indo-Chinese part of the conference.

My question is this: If in 1953 the situation in Indo-China and southeast Asia was of such vital importance to the people of the world and to the building up of NATO forces through France's contribution, why does the Secretary of State for External Affairs not take that attitude at the present time? He does not seem to me to take that attitude because at the Geneva conference we are going to stand on the sideline. If the opportunity is offered we may participate. Why do we not take an active part in the deliberations with regard to Indo-China? Is Indo-China not just as important now as it was a year ago? The whole thing, as the Secretary of State for External Affairs pointed out a year ago, is linked together. The drain on France's resources to support the war in Indo-China has restricted her power to participate in the formation of the European defence community.

Because France feels unable to participate to the full extent there, she is not so much interested in the participation of Germany. France has good reason to fear the build-up of the armed strength of Germany. The two are closely related, France's effort in Indo-China and France's contribution to NATO. Yet, we are committed to NATO; we are committed to act shoulder to shoulder with the other forces of the European defence army when it is set up, as the minister of external affairs pointed out in another address. Yet, what are we doing in order to ensure that France can play her full part in that organization of NATO on which we are basing all our hopes.

Now, could we not participate in this support of France on the same basis as the other nations, in order to get some sort of settlement in Indo-China, for our own self interest regarding NATO and EDC. Let us consider for a moment what the war in Indo-China really means. The forces involved are large. It has been estimated there are about 400,000 on each side. The casualties have been heavy. I do not know what they are at the present time, but a year ago the casualties to the French forces alone were 40,000 killed and 50,000 wounded. The struggle is in its eighth year. It was obscured for some considerable time by the Korean conflict, but has been on the same scale with regard to effort and casualties and it is of the same importance.

It was not brought before the United Nations, so says the Secretary of State for External Affairs, and because of that Canada has not been as directly concerned as Canada was with Korea. We recall that the Korean trouble came before the United Nations security council at a time when Russia was abstaining from attendance. What prospect would there be of getting a United Nations decision with regard to Indo-China unless similar circumstances prevailed? Merely because the war in Indo-China has not been brought directly to the attention of the United Nations, are we not directly concerned with it? What is the difference between the struggle in Korea and the struggle in Indo-China?

We thought that if the war in Korea was lost the future of the western world in Asia would be very obscure. Would it not also be difficult if the war in Indo-China were lost? Here is a suggestion with regard to that from that writer on international affairs, Joseph Alsop, writing on November 27, 1953 in the Montreal *Gazette*. In this article, which I will not quote at length, he states that in view of the aid which communist forces in Indo-China have been receiving from communist China, the struggle on the part of the French, Viet Nam, Laos and Cambodia is made extremely difficult. Then he throws in the suggestion that if the communist forces acquire jet planes it would mean the end of French air power in Indo-China. He suggests that pilots are already being trained in China for that purpose.

Writing on January 14 of this year, the same reporter says this, and I shall quote directly:

> Indo-China has already taken on the role of an Asian Czechoslovakia—the position that cannot be let go without disastrous consequences. If Indo-China is allowed to fall, while the Chinese power build-up continues without interruption, we shall almost certainly have to make the kind of choice in Asia which his follies finally forced upon Neville Chamberlain in Europe. And even if this quite probably worst does not happen in the end, just where does the present picture in Asia show proof of a recaptured initiative.

The situation is obviously quite serious in Indo-China. It was pointed up last night by the speech made by Mr. Dulles. This is the statement in the *Gazette* for today:

> State Secretary Dulles said tonight the free world should take "united action" to prevent communist conquest of Indo-China and all southeast Asia.
>
> "This might involve serious risks", he said. "But these risks are far less than those that will face us a few years from now if we dare not be resolute today".

Then he goes on to say:

> "Communist control of southeast Asia could carry a grave threat to the Philippines, Australia and New Zealand with whom we have treaties of mutual assistance," he said.
>
> "The entire western Pacific area, including the so-called off-shore island chain, would be strategically endangered."

Then he goes on to mention the assistance it has been proven the communist forces in Indo-China are receiving from communist China. Surely all these things add up to the fact that southeast Asia is the greatest trouble spot in the world today and that we are in as great danger there as we were in Korea. There is no question that the success of the communist forces in Indo-China would leave a threat to other portions of southeast Asia and that area is the rice producing area of Asia and provides the greater part of that staple food.

There is no question but that pressure could be exercised without any resort to total war in the nature of a third world war on an atomic scale. Now, what is Canada's position with regard to this? I see it is five o'clock, Mr. Speaker.

Mr. Deputy Speaker: It being five o'clock, the house will proceed with the consideration of private and public bills.

PRIVATE BILLS

TRANS-CANADA PIPE LINES LIMITED

Mr. John Decore (Vegreville) moved the second reading of Bill No. 389, respecting Trans-Canada Pipe Lines Limited.

Mr. Green: Could we have an explanation from the sponsor?

Mr. Decore: Some three years ago, Mr. Speaker, parliament passed an act to incorporate Trans-Canada Pipe Lines Limited. The purpose of the bill before us now is to amend this private act so as to increase the capital stock of the company from five million shares with a par value of one dollar per share to ten million shares of the same par value, and to add one million preferred shares at $50 par value for each share.

Now, it is hoped that this bill will be referred to the appropriate standing committee and hon. members will be able then to have more opportunity to become better acquainted with the proposed capitalization increase, the method of financing this gigantic project, as well as the program for the construction of a line for the servicing of all the towns and cities from the province of Alberta to the province of Quebec. This afternoon I can only outline to the house the general position of this bill and give a brief account of the progress made in the realization of this great national project.

This bill provides, first of all, for doubling the number of common shares, and it adds $50 million of preferred shares. This increase

in capitalization is designed, first of all, to enlarge the structure of Trans-Canada Pipe Lines Limited in order that it may take over the project of Western Pipe Lines, as well as to finance and to build a pipe line from Niagara to Toronto pursuant to the agreement recently concluded. Of course copies of this agreement will be available to members of the committee.

I think all hon. members are aware of the amalgamation that took place between Western Pipe Lines and Trans-Canada Pipe Lines early this year under the guidance and supervision of the Minister of Trade and Commerce (Mr. Howe). Both these companies are now equal partners in Trans-Canada Pipe Lines Limited, with Western Pipe Lines as a wholly owned subsidiary. The combined group are dedicated to the building of the all-Canadian line first.

I understand there is an application to the conservation board in Alberta which is now being heard and considered by that body, and an early export licence from Alberta is anticipated. As soon as that is received, Trans-Canada Pipe Lines will proceed to the board of transport commissioners with an application to construct the line. When that permission has been granted the company will then be in a position to enter into firm contracts for the sale of gas to the utility companies or boards in the towns and cities along the route. At the same time the company will negotiate contracts for the purchase of gas from the producers in Alberta and Saskatchewan. Then the company will be in a position to arrange financing, both equity financing and bond borrowing, and commence construction.

It is significant to note that parallel developments will take place, not only in the producing areas of Alberta and Saskatchewan but also in the eastern towns and cities where the gas is going to be marketed. In the producing areas gathering systems must be constructed. Production wells must be drilled in proven fields that now have only two or three wells. Treatment plants must be built in wet gas fields to recover the sulphur, distillate, propane and other by-products of gas production. At the same time, in the many towns and cities across Canada gas utilities must be organized or expanded to distribute the gas to the householders and industries in their areas. All told, this parallel development it is estimated will be more than twice the cost of the main transmission line.

The all-Canadian line is to be organized, financed and built independently of any probable subsequent export of surplus gas to the United States. Ample reserves of gas exist in Alberta and Saskatchewan today, I am informed, to take care of the needs of those two provinces as well as the needs of the trans-Canada pipe line for many years to come—more than enough to amortize the investment required. Every week brings news of additional discoveries.

I am sure the house will be pleased to hear that the apparent conflict between the trans-Canada project and the proposal to bring gas from Louisiana to Toronto has now been resolved. Under an agreement concluded last week, the line from Niagara to Toronto will be built by the Trans-Canada company and leased to the Niagara Gas Transmission Company, until the Trans-Canada line is built to Toronto. At the same time Consumers Gas will cease taking American gas and will take Trans-Canada gas. In this way the immediate needs of Toronto will be taken care of, and the market will be built up in preparation for the Alberta gas in two or three years' time. Of course company witnesses and copies of the agreement will be available before the committee, and we can go into detail at that time.

In conclusion I should like to say that the proposed pipe line from Alberta to the province of Quebec is another link in the binding together of this great nation of ours, Canada. The transcontinental railway was the first. No great development, least of all one of national importance, is achieved without the expenditure of tremendous effort. When the Trans-Canada pipe line is built and serving with fuel and energy more than 2,200 miles of agricultural, mining and industrial backbone of this rapidly developing nation, I think hon. members will have reason to feel proud of this achievement.

Mr. Carl O. Nickle (Calgary South): Mr. Speaker, may I begin by saying that my colleagues and I support this bill which, as you know, is designed to revamp the capital structure of Trans-Canada Pipe Lines better to meet the need in carrying out a major, gas pipe line construction reaching eastward from Alberta. The company is the chosen instrument of the Alberta and Canadian governments to carry out the proposed pipe line project. It is of the private enterprise variety of chosen instrument—another reason we support it, for we do not think pipe lining is any business for the government to get into.

The new Trans-Canada company is a merger of the two former major competitors for the right to build a pipe line east from Alberta. In fact, you might call it a shotgun wedding, demanded by the Alberta

government and supported by the federal government, through which two competitors had to kiss and make up, quit fighting each other, and proceed as a team to get a pipe line built.

One partner in the merger was Western Pipe Lines, backed by western Canadian interests. Its plan was for a 30-inch pipe line from Alberta to Winnipeg, thence by 24-inch line to Minneapolis, where an established market waits. The plan, I may add, had more economic than political merit.

The other partner was the old Trans-Canada Pipe Lines Limited, backed by the Clint Murchison interests in Texas. Its plan was for a 30-inch pipe line from Alberta to eastern Canada, via an all-Canadian route, leaving out in the cold the United States mid-west market. The plan had more political than economic merit.

For several good reasons—some of which I have already hinted at, plus the vital fact that neither plan was big enough to take care of surplus gas being developed in the west—the two projects were merged into the new Trans-Canada company. At present the combined plan calls for a 36-inch pipe line from Alberta to Winnipeg, the largest diameter gas pipe line in the world and capable of ultimately carrying about twice as much gas as a 30-inch. From Winnipeg a 24-inch line would reach southward towards Minneapolis, and a 30-inch line would reach east into Ontario and Quebec.

While I have no information from the company to support the statement, I would suggest that by the time construction actually gets under way it may be deemed advisable to expand the diameter of the pipe lines south and east from Winnipeg, to facilitate expanded sales not only in eastern Canada but also in American markets both mid-west and eastern.

As presently contemplated, the transmission system would start in the eastern border of Alberta, and would cost about $297 million. This is far from being a measure, however, of the over-all cost. In addition, there would have to be, first, an investment, probably running to over $150 million, by oil companies in western Canada for the drilling of gas wells, the construction of processing facilities and field gathering lines. Second, an investment ultimately reaching over $40 million, in an Alberta-wide trunk pipe line system to carry the gas from the fields to the eastern border of that province, where Trans-Canada would receive it. This Alberta gathering system would be privately financed and controlled permanently in Alberta under the Alberta gas trunk pipe line company act recently passed by the legislature. The principal owners will be gas producers. The interests of Alberta gas consumers and utility companies, the export pipe lines and the Alberta public will be protected by representation on the board. I believe, sir, that the only government investment will be $10 by the Alberta government for two voting shares, to be used by the two nominees of that government to the board of that company. This gathering system will of course ultimately serve gas to Alberta utility companies and to other export companies, in addition to Trans-Canada.

Other than the export pipe line, the other major items of related investment would include, first, a transmission pipe line from the Manitoba border to Minneapolis, to be built by Northern Natural Gas Company, the twin cities utility, to connect up with Trans-Canada Pipe Lines at Emerson, Manitoba.

Second, the construction of new and the expansion of existing gas distribution systems in the cities and towns to be served by the transportation system. This would require at least $100 million during the first few years alone. Finally, a direct investment by home, commercial and industrial consumers in appliances and other equipment with which to use gas. This also would require at least $100 million during the first few years alone. All these items add up to the staggering total of some $750 million. When we add to that the same kind of costs related to other proposed gas projects, to the Canadian and United States Pacific coast, to the inland empire and Montana, the total stacks up to around $1,250 million required to be raised and spent over the next five to six years, if the projects now contemplated are to be achieved.

We all know that money does not grow on trees; nor can we get it by simply rolling out printing presses. To get the moneys required for the projected natural gas plans there must be incentive provided, either through the basic economic soundness of the phase of the project in which the producer, the transmission company, the distributor, the consumer or investors are asked to put their money, or by such degree of government subsidies as might be needed to produce sufficient incentive.

Obviously, Canada's interests can better be served by the basic economic soundness of great projects like these related to natural gas, rather than by a policy of subsidization. Therefore, sir, it seems to me essential that in considering this particular bill we reappraise Canada's gas policy in an effort to achieve a maximum degree of economic

soundness with a minimum of subsidy or even elimination of the need of subsidy. By "subsidy" I refer to all its forms; those borne by the taxpayer, directly or indirectly; those borne by the producers through lower prices for their products, and those borne by consumers through higher prices.

The first step in such a reappraisal should be acceptance by this government, by this parliament and by the Canadian public of the fact that an all-Canadian gas pipe line policy confined to Canadian routes and Canadian markets is not economically feasible. To carry out such a policy would impose a heavy burden upon taxpayers, producers and consumers, with the extent of the burden on the last two groups being determined by the portions levied upon taxpayers generally. It is a fact that none of us is a magician. We cannot merely by waving a flag, even the flag of Canada, make economic facts disappear; nor can we make them disappear by simply ignoring their existence.

I recall that last summer the Prime Minister of Canada (Mr. St. Laurent) visited Alberta and spoke about his government's decision in support of a strictly all-Canadian gas pipe line. He used these words:

> Eastern Canada is entitled to the benefits of cheap Alberta gas.

His use of the words "cheap gas", which I trust he would now put in the category of other words he recently was quoted as using in the Far East, naturally left a widespread impression in Canada that an all-Canadian line was economic, and that Alberta gas would actually be cheap in the east. Both impressions are erroneous.

I am confident that the Prime Minister spoke in good faith on the basis of information given him, as did others who spoke on the subject last spring and summer. The basis of his statement was perhaps the case presented by the old Trans-Canada Pipe Line Company, which was ably pressed by their press agents in eastern Canada for a lengthy period. The sound economics of that case were based, first, on a market build-up in eastern Canada on a substantially faster rate than such authorities as eastern utility companies thought possible; with a price to the utilities ranging from 55 cents to 57 cents per thousand cubic feet. Second, the sale of more than half of the gas transported to eastern Canadian industries at a price of 45 cents per thousand cubic feet, a price at least 25 per cent higher than other authorities believed the maximum competitive price to be. Third, purchase of the gas in Alberta at a price netting the producer about one-third less than the price proposed for the Winnipeg-Minneapolis plan.

Trans-Canada Pipe Lines Limited

I might add that representatives of the old Trans-Canada company, during questioning before the Alberta oil and gas conservation board a year ago, testified that the price to Alberta producers could be raised to a level at least equal to that offered by the proposed Winnipeg-Minneapolis line if the Canadian government granted concessions. As you doubtless know, the conservation board concluded that a case for the economic soundness of the project, on terms favourable to Alberta, had not been made. The Alberta government, after receipt of the board's conclusions which showed a large gas surplus available for export, directed the merger of the old Trans-Canada and Western companies.

It was last spring too that the Canadian Gas Association, made up of distributors of natural and artificial gas across Canada, passed a resolution urging the Canadian government to make a thorough economic study before finally setting a national gas policy. That association noted that it feared that the suggested all-Canadian pipe line would require payment of substantial subsidies.

Just over a year ago another study was made of the all-Canadian project on behalf of Western Pipe Lines by an internationally known engineering and economic firm, Stone and Webster. Let me quote certain of their conclusions:

> In early years, only a relatively small volume of sales could be guaranteed by firm long-term contracts with distributing utilities. This condition alone renders the large scale sale of securities impossible.
>
> We have nevertheless projected the operations of the pipe line for five years on an assumed financial plan and with the maximum level of revenues believed to be attainable. This projection indicates a lack of earning power in the fifth and prior years to support the financial program.
>
> We made a further test to determine the minimum revenues that would be required for any bare hope of financial feasibility. Competitive conditions preclude the collection of such revenues.

The report finally states:

> The most favourable of conditions have been assumed throughout our study. Less favourable conditions would result in an even poorer economic picture.

This is not the only information available as to the economic soundness or lack thereof of a strictly all-Canadian route and market pipe line. The objective comparative study of pipe line routes and market combinations made a year ago by Stanford University and the University of Western Ontario rated the strictly all-Canadian project the least economic of half a dozen alternatives.

The Bechtel Corporation, one of the world's great pipe line, engineering and construction

firms, also made three independent studies last year. One of its conclusions was:

> It is believed that a natural gas pipe line to eastern Canada, originating in Alberta and with a designed capacity of 300 million cubic feet per day, would be so marginal as to be unlikely of private financing.

I have used these statements, not to condemn the idea of a great pipe line reaching from Alberta to eastern Canada but to emphasize the reasons for my belief that we must reappraise our national gas policy in the light of economic facts, and to try to work out a better method of achieving the great objectives of building up our proved oil and gas resources in western Canada, getting gas to as many Canadians as possible as fast as possible, and securing the long-term needs for Canada with the least possible burden upon the producers, consumers and taxpayers of Canada.

The Minister of Trade and Commerce (Mr. Howe) is a man of great talent, energy and bluntness. He has established a reputation for facing up to issues. I trust that he will, during this debate, face up in full to the facts regarding a Canadian gas policy. He did not face facts when he indicated to the press after the merger of the Trans-Canada and Western Pipe Lines companies that the line to eastern Canada had priority, that no gas would go to the United States until supply to our east was secured, and that gas would go to Minneapolis only on an interruptible basis. Surely he is fully aware of the various economic studies of the all-Canadian line to which I have referred. Surely also he knows that the tying in of Minneapolis improves the economics of an ultimate line to eastern Canada, and that the large financial investment required by the Minneapolis company in order to take Canadian gas dictates that it must be a firm, not an interruptible supply.

Surely the minister, unless he is prepared to considerably modify his gas policy, must have a different answer than a flat "no" to the three questions I asked him in the house on March 24. These questions were:

> Has the government made any commitments, verbal or in writing, for the provision of tax concessions, tax remissions, or any other form of subsidy in order to make financially feasible a trans-Canada gas pipe line in the form apparently desired by this government? If so, what are those subsidies? If not, does the government intend to extend such subsidies?

I recognize that the minister has already made some modification of his all-Canadian stand of a year ago. He has supported, as I did, the import of American gas to Toronto—subject of course to a cut-off when Canadian gas eventually reaches the east. Aside from getting gas to Toronto at the very least two years earlier than gas from the west, the resultant build-up of the top-class, top-price consumer markets—that of household space heating, water heating and cooking—will also improve the economics of the eventual pipe line from western Canada.

I might add at this point that not all the governments in Canada's east look at the gas problem through rose-tinted glasses. The Ontario government has been making its own economic studies in recent months. It wants to have access in time to gas from western Canada to help meet the expanding fuel needs of Ontario. But here is what Mr. Dana Porter, Ontario's attorney general and chairman of its gas survey, said in the provincial parliament on March 20:

> It is impossible to visualize gas coming from Alberta exceedingly cheap. If it can be sold at the equivalent price or slightly less than coal and oil now, and if it can be sold in large enough quantity, they might be able to pay for the pipe line.

Today, sir, there are four major suggestions on which, I believe, this government of Canada should clarify its position; steps that could be taken to establish a more economic national gas policy. The first of these is the building of a pipe line from Alberta to eastern Canada in two stages instead of one, with the first consisting of a 36-inch line to Winnipeg with a 24- or 30-inch connection to Minneapolis. Sufficient gas would be committed on a firm basis to ensure capture of this market, provide a faster outlet than eastern Canada for the west's growing surplus, a satisfactory price to producers, and improve the economics of stage two, a line from Winnipeg to eastern Canada.

Secondly, enlargement of gas imports from the United States into eastern Canada to the fullest extent possible on a reasonably short-term basis to supplement the current imports to southwest Ontario, the coming imports to Toronto, and thus permit a rapid extension of gas service to more communities in Ontario and Quebec. The market build-up achieved would further improve the economics of the ultimate system from western Canada. Between them Tennessee Transmission Company and Panhandle Eastern Pipe Lines, one of which will reach Canada at Niagara, while the other already enters Canada at Windsor, have a gas transporting capacity of over 80 billion cubic feet yearly, not now committed to their American customers. Within a few years the growing demand of American consumers along these pipe lines should absorb a large part of this capacity. Meantime, why not use that American capacity to build up gas markets in eastern Canada?

Third, a reappraisal of the proposed routes between Winnipeg and eastern Canada. The

south route, following the present interprovincial oil pipe line, is definitely the most economic. Compared to a line north of lake Superior to Toronto and doubling back to the Sarnia area where essential gas storage fields are located, the southerly system would cost as much as $35 million less. It would also be in a better position to expand markets in mass-populated areas in the United States. The all-Canadian route would make a difference of two to three cents per thousand cubic feet in transport costs, which would have to be assessed back against western producers in the form of lower wellhead prices, since competition with other fuels will impose a tight ceiling on the selling price of gas in the east. If it is established that national interest really requires the more expensive route, the added cost should be a charge against the nation as a whole, not a charge alone against the producers of the west and their provincial government partners.

Fourth, a getting together at top level of government officials in Ottawa and Washington in an earnest effort to work out a continental plan on gas that will provide Canadian-American co-operation to ensure the most economic matching possible of gas reserves to markets irrespective of their nationality, with equal security of supply provided to consumers whether or not in the country of origin.

Such a plan could speed the capturing by Canadian gas of essential markets in the Pacific northwest and thus permit the construction of Westcoast Transmission. It could speed the capture by Canadian gas of essential markets in the Rocky mountain and mid-west states, which would result in benefits by way of expansion of development of western Canada's still scarcely-tapped resources. It would ensure improved economics for a pipe line to eastern Canada by use of a short-term supply of American gas in our own east and it would open the door ultimately for sale of further surplus Canadian gas into the northeastern United States.

Mr. Speaker, these general proposals I have outlined I believe recognize the realities of gas reserve and market prospects in Canada and the United States. Western Canada, for example, has been expanding its proved gas reserves at a rate of over four trillion cubic feet a year. If incentives to explore—and by incentives I mean markets and fair prices—are provided, continued rapid growth of reserves is expected to continue for many years. I might say that every one to two years western Canada is discovering enough gas to supply one major pipe line project for at least twenty years. There is every reason to expect that ultimate reserves could be large enough to serve all markets, Canadian and American, within economic reach of our western gas fields for far more years than any of us needs to worry about.

The United States, while possessing far larger gas reserves than Canada, has a present and future gas market that is proportionately even larger. Its own long-term security of gas supply will be assisted, and not injured, by any steps the United States may now take to speed the growth of western Canadian gas reserves. Such steps could include opening the doors of nearest United States markets to Canadian gas, in solving the problem of eastern Canadian gas supply by a relative short-term dedication of American gas to Ontario and Quebec in sufficient volume to service the mass population region of our east, and provide a market build-up in readiness for an ultimate Canadian gas supply.

I believe that this general plan recognizes that a long-term commitment of sufficient American gas to supply all of eastern Canada would be less preferable to American consumers along the Tennessee Transmission and Panhandle Eastern pipe line systems, whose own gas hunger is expanding rapidly, than a short-term commitment that would be followed up by access in time to new Canadian sources of supply to their customers.

The plan outlined for solution of Canada's gas problem is, I believe, not only practicable but is economically sound, and I believe politically feasible. It would open markets faster, at the best possible prices, for western Canadian gas, thus stimulating western oil and gas development and speeding growth of proved oil reserves for the long-term needs of all markets within economic reach. It would get Canadian gas to British Columbia and the northwest United States in a hurry and at competitive costs. It would get Alberta gas to southern Saskatchewan, Manitoba and into the Minneapolis area at prices fair to both producer and consumer in a little over one year. It would get American gas into eastern Canada in large volume within a year. It would cut about $200 million from the immediate capital requirements for pipe line construction and it would make all the projects more economically sound. It would pave the way for an Alberta-eastern Canada pipe line connection a few years hence on a very much sounder basis than is possible today. It would raise the value of our western gas reserves by tens of millions of dollars. It would cut the cost to Canadian consumers, and to American consumers too, by more tens of millions of

dollars. It would cut to a minimum, and perhaps even eliminate, the cost of subsidies to Canadian taxpayers.

Mr. Speaker, the actual working out of details of such a long-range plan would naturally require a meeting of minds between the owners of existing pipe lines that would be involved and the backers of proposed pipe lines, as well as between the gas producing and distributing companies. It would require a meeting of minds between the various provincial governments concerned as producers of gas or consumers, and the Canadian government. Finally, it would require a meeting of minds at top level between the Canadian and the United States governments.

Mr. Speaker, in conclusion may I read a resolution passed at the annual meeting of the Progressive Conservative party a week or so ago in Ottawa. This resolution passed by the Conservative association reads as follows:

> We support, generally, development of pipe lines and markets for western Canadian oil, natural gas and by-products on the soundest economic basis, with due regard to security of supply for Canadians; but to the extent that national interest may dictate market planning other than the most economic, we believe the nation as a whole should bear the burden, and that this should not be assessed only upon producers and consumers in western Canada.

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, as various pipe lines bills have been brought before the house, we of this group have made it clear that in our view there are two principles that should be pursued. In the first place, it has been our contention that a Canadian pipe line should be built so as to serve Canadian needs and interests first. In the second place, we have made it clear that in our view gas and oil pipe lines should be publicly owned. We have presented that view to the house on several occasions in the form of amendments setting out both of those principles and we still feel that those principles should be followed.

When the bill incorporating Trans-Canada Pipe Lines Limited was presented to this house in 1951, second reading of that bill was moved on February 27 by the hon. member for Vegreville (Mr. Decore), who is the sponsor of the bill now before us. It was my privilege on that occasion to speak for our group. I expressed our pleasure that the first principle I enunciated a moment ago was being implemented by the terms of the bill, namely that it was to be an all-Canadian pipe line; but I expressed our regret that the second principle to which we adhere was not being carried out.

[Mr. Nickle.]

It is still our view that this pipe line should be brought under public ownership. That was our view when we were somewhat at the academic stage with respect to the building of pipe lines in this country. As we approach the time when these long distance pipe lines will be built and when gas and oil will be transmitted through them, we feel even more strongly that these should be the subject of public ownership.

In closing his remarks today the hon. member for Vegreville expressed the view that once this pipe line was built the Canadian people would have reason to be proud of it. I submit that the Canadian people would have much more reason to be proud of a pipe line of this nature if it were owned by the Canadian people themselves.

So far as this particular bill is concerned, we will not raise any objection to the matter involved in connection with it and the other one related to it being studied by the committee to which this bill will be referred. I understand that an agreement has been reached between Trans-Canada Pipe Lines Limited, the Niagara company and the others involved. We hope that agreement will be very carefully scrutinized by the committee and that every effort will be made to make sure that the interests of the consumers of Canada are protected as well as they can be protected under a policy of private ownership. However, it is our view that this business calls for public ownership, and even as there have been some conversions in this House of Commons in the matter of pipe line policy we hope there will yet be a complete conversion to our policy of public ownership.

Hon. George Prudham (Minister of Mines and Technical Surveys): Mr. Speaker, we all listened with interest once again to the hon. member for Calgary South (Mr. Nickle) expound his one-man policy for the development of the natural gas reserves of Canada on a continental basis rather than a strictly or partially national basis. He quoted many authorities and different surveys that have been conducted by engineering firms. He also mentioned the report by the Stanford research institute, and if I understood him correctly he implied that that report also stated that it was uneconomical to supply Alberta gas to eastern Canada. This report was prepared by the Stanford research institute for Imperial Oil Limited and the date is March, 1953. I would refer the hon. member for Calgary South and other hon. members to page 48. The first heading on this page is: "What is the market for competi-

tively priced natural gas in Ontario and Quebec?" The report goes on to say:

An estimated market for 87 billion cubic feet of natural gas exists in Ontario and Quebec at a price competitive with alternate types of fuel. This size of market assumes the fifth year of operation of a natural gas pipe line able to deliver gas in sufficient quantity to satisfy demand as it develops. The competitive price of natural gas is found to be 65 cents per thousand cubic feet at the city gate, or $1.01 per thousand cubic feet delivered to the average user.

The next heading is: "What is the most economic source of gas for these markets?" The report reads:

The most economic source of gas for supplying eastern Canada approximately 87 billion cubic feet per year is the gas fields of southern Alberta.

There is an elaboration of that statement which I will not take the time of the house to put on *Hansard*. The next heading is: "What are the most economic outlets for Alberta natural gas reserves?" The report reads as follows:

The most economic outlet for southern Alberta gas is eastern Canada. The most economic outlet for northern Alberta gas is the Pacific northwest.

I put this on the record, Mr. Speaker, because from what the hon. member for Calgary South said the house may have gained the wrong impression about this report.

Mr. Nickle: Will the minister permit a question?

Mr. Prudham: Yes.

Mr. Nickle: Is it not correct that the average selling price in eastern Canada cited in the Stanford survey is 65 cents per thousand cubic feet which compares with a price of approximately 53 cents for United States gas at Toronto and 35 cents for United States gas now delivered to the Union Gas Company at Windsor? Would he explain just how the very substantial differential in price would be overcome, between 35 and 53 in one case for United States gas and 65 cents in the other case for Canadian gas?

Mr. Prudham: I am not aware that the price of Panhandle gas has yet been established.

Mr. Erhart Regier (Burnaby-Coquitlam): Mr. Speaker, we in the province of British Columbia are very much concerned about a national gas policy. I was very interested to hear the statement the minister read from the Stanford report that one of the best markets for northern Alberta gas is the Pacific northwest. We in the lower mainland of British Columbia feel that if we are going to have anything like a national gas policy this is the time to use our bargaining power with the gas interests of the United States. We feel that eastern Canada should not be permitted to import United States gas until such time as we have received a favourable decision and the Pacific northwest of the United States is permitted to import Canadian gas. If a trans-Canada gas pipe line is built to eastern Canada and Alberta gas flows east, and if a satisfactory decision is not reached in Washington, we are afraid that all we can hope for is that the southern states interests will export natural gas to the lower mainland area and all the rest of British Columbia will be left without natural gas. At no time in the years to come will it then be worth while for anyone to build a gas pipe line from northern Alberta to the lower mainland.

We believe that the only way we can have economical distribution of gas throughout British Columbia is if a pipe line is built from northern Alberta through British Columbia to the lower mainland and to serve the great cities of the Pacific northwest. I know that the Minister of Trade and Commerce (Mr. Howe) is a very capable businessman when it comes to the business affairs of the nation, and I hope he will not forget that one-tenth of the people of Canada live on the other side of the Rocky mountains.

Motion agreed to, bill read the second time and referred to the standing committee on railways, canals and telegraph lines.

INDUSTRIAL STATUS OF WOMEN

MEASURE TO REQUIRE EQUAL PAY FOR EQUAL WORK

The house resumed, from Friday, March 19, consideration of the motion of Mrs. Fairclough for the second reading of Bill No. 2, to provide equal pay for equal work for women.

Mr. C. W. Hodgson (Victoria, Ont.): Mr. Speaker, in taking part in this debate I assure you I will not be long because I would not want to be accused of talking out the measure. I would rather see a vote taken on it. I am sure that it will carry because I think there are very few male members of the house who would dare to stand up and say that they should have more money than the female members.

In my remarks today I should like to try to adduce a point in favour of the bill. I am going to start with the doctors, because in my own riding we have two lady members of that profession. I am sure that the people to whom they are administering would be happy to have me say that these female doctors are as good as the average male doctor in any other part of the country. Certainly, they fill a very important requirement in our area.

Then, we come to the teachers. Some people have said that teachers are underpaid

in some provinces and female teachers are paid less than male teachers. This is not true of the teachers in Ontario because there is a law that all teachers start at the same minimum salary, whether male or female. Then, you go to the factory workers. I have been in a good many factories throughout this country and I say that there should be equal pay for equal work. Recently I made a trip to Montreal with a committee on defence production and I saw many girls working on small pieces of electrical equipment, winding little wires on little gadgets. I am sure that with their small hands and nimble fingers they were more adept at doing that job than any male could possibly be.

One of our writers, I think in a publication called *Tempest,* said that some of our secretaries were getting too large for their bloomers. Well, there would be just as much reason for saying that some of the heads of the members of the press gallery are getting too large for their shirts. Turning to the House of Commons, we all know that over the last few years the female member who has been here the longest has won her spurs and has proven herself as good as any of the male members. We can cross the floor of the house to the hon. member for Timiskaming (Mrs. Shipley). A few days ago she made a speech and proved to my satisfaction that she knew more about the mining industry than the hon. member for York South (Mr. Noseworthy).

All these people I have mentioned, all these professions and this labour, are receiving the same pay. Is there any member in this house who will stand up and vote against this motion under those circumstances? Is there any member who would stand up and say we should receive more salary than the female members of this house? The same principle applies to this bill and to every aspect you could mention of labour or the professions in this Canada of ours. I shall not talk this bill out, Mr. Speaker, but will provide the opportunity to have a vote on it now.

Mr. W. M. Hamilton (Notre Dame de Grace): As the hon. member who has just resumed his seat has said, I think it would be difficult for many of the men here to vote against the bill now before us. In fact, I believe you could sum it up by saying that there should be no relationship between the amount of money you receive and whether you wear your pants inside or outside.

The difference between the rates of pay for men and women has an historic basis. In the past women were not capable of doing the heavy work which represented such a large portion of the labour then required. As a result there was very little opportunity for them to find jobs to occupy. Today the situation has changed completely. There is a constantly lessening demand for heavy labour and there is a constantly increasing demand for light labour, highly qualified labour or labour dealing with technical skill requiring a certain amount of delicacy of touch. In this field women are certainly the equivalent of the men.

Now, one of the problems that is going to accompany the introduction of a measure such as this, and the gradual changeover which will result, is the difficulty of defining exactly what is an equal job. Industry and commerce will have to carefully study each job and do a lot of job evaluation and analysis because at this time we find people doing work which is approximately similar in nature receiving varying rates of pay. This is primarily because we have never sufficiently studied job evaluation and determined the exact skills required for the job.

Another point is—

Mr. Gillis: Why talk out your bill? Why do you not let it pass?

Mr. Hamilton: I am going to move the adjournment of the debate in a moment. Well, Mr. Speaker, since it is now six o'clock perhaps I should move the adjournment of the debate now.

On motion of Mr. Hamilton the debate was adjourned.

At six o'clock the house took recess.

AFTER RECESS

The house resumed at eight o'clock.

EXTERNAL AFFAIRS

REFERENCE OF ESTIMATES OF DEPARTMENT TO STANDING COMMITTEE

The house resumed consideration of the motion of Mr. Pearson:

That items Nos. 84 to 103 inclusive, of the main estimates, 1954-55, be withdrawn from the committee of supply and referred to the standing committee on external affairs, saving always the powers of the committee of supply in relation to the voting of public moneys.

Mr. Gordon Churchill (Winnipeg South Centre): Mr. Speaker, when the house turned at five o'clock to the consideration of private members' bills I had at that stage reviewed the situation with regard to two main problems. I had been discussing the importance

of that main trouble spot in the world, Indo-China, and the point that there effective resistance was being offered to communist attack and penetration in that area of south-east Asia. The second problem with which I was dealing was the importance of that struggle in relation to NATO, because France's commitments in Indo-China were preventing her from playing her full part in the European defence community; and I had pointed out that, without the organization of the European defence community, NATO suffers.

I had reached the stage in my remarks where I was going to suggest what Canada's position should be under those circumstances. I think it is perfectly evident that our interest is as great as that of any other nation in the resistance that should be offered to the advance of communism anywhere in the world. We cannot stand on the sidelines while communist attacks are taking place. We have had sufficient experience in the past to know that we cannot stand aside from world events, and the things that happen in Europe and Asia whether we will it or not will involve us in conflict. We had that experience in 1914 and in 1939 in Europe, and in 1950 in Asia.

We are fully aware that there is a world-wide threat of communism. Again the Secretary of State for External Affairs is very helpful to me, particularly in the speech he made a year ago. I have not been quite so impressed with his efforts this year. A year ago, as reported at page 1864 of *Hansard*, he had this to say:

> Meanwhile it is becoming increasingly clear that it is communist world strategy to attempt to drain away the strength of the western democracies by military and quasi-military action in the Far East and other places and by fomenting disturbances in the Middle East and in Africa. The communist threat then is on a global scale, and no exclusively regional approach to that threat will be sufficient. The policies required to meet it must be world-wide too. Asian problems are linked with European problems, as has been so clearly demonstrated in the case of Indo-China.

Well, I think it is perfectly clear to everybody that communism offers a world-wide threat. We must be on the alert against that threat everywhere in the world.

Again, so far as Canada's position is concerned, our interest in NATO is just as great as that of any of the other thirteen nations who are participating in that effort. We are just as much concerned as any nation in the world with the position of France in relation to NATO, and just as much concerned with the organization of the European defence community. And that, may I point out, has been delayed now for two years, due chiefly to the reluctance of France to enter fully into the scheme.

That reluctance is founded on a real problem, because of her commitments in Indo-China. I think we have not fully realized that fact. When people sometimes say, "Well, why does not France play her part in NATO and in European arrangements?" they overlook her very heavy commitments in Indo-China. Some people asked General Montgomery if NATO commanders could not go ahead without France, and of course he replied No, that France is essential to the defence arrangements in Europe. It is a country of approximately 43 million people with a fine record of service when it comes to warfare, and absolutely the central part of European defence.

Well then, if France is so important, what can we do to help her? I mentioned this afternoon the resolution passed two years ago at a conference of NATO powers suggesting that it would be in keeping with the objectives of NATO if NATO countries assisted France in Indo-China. Does France need any assistance? Let us consider the effort she is putting forth. France is reported to have 12 divisions serving in Indo-China. Taking Canada's population at 15 millions and comparing it with the 43 millions in France, and accepting the fact that in the matter of population our country is about a third the size of France, to make a comparable effort we would have to arm four divisions. Actually we have under arms about one division. One brigade is stationed in Korea, one brigade in Europe, and there are forces here in Canada.

Fortunately our men are not engaged in warfare, whereas the divisions of France in Indo-China are suffering a constant drain through loss of life and the wastage of warfare. When one considers the effort France is putting forth, he must ask himself what aid Canada can give. Can we give material assistance to France in Indo-China? The United States is doing it—I believe it is $400 million, increased this year to about $700 million or $750 million, to counterbalance the support communist forces in Indo-China are receiving from communist China and from Russia. It has been shown that their supplies are coming from communist China, from Russia and from Czechoslovakia. Could we give assistance by way of technicians to help the French in Indo-China? The suggestion was made last year by a member of this party that we could give assistance by way of transport aircraft. Could we give assistance by way of training native troops?—because it is important in the effort now being made in Indo-China, as it was earlier in connection with Korea, to train

native troops to carry on the resistance themselves. The population of Viet Nam, Laos and Cambodia, amounting to 28 millions, would provide available manpower if native troops were trained.

Should we give assistance along that line, or could we give more assistance to France in Europe? Can we make commitments there to indicate that we will not withdraw our troops so long as they are required in the NATO force in Europe? Should we provide more than a brigade? Should we raise our quota—again thinking in terms of aid to France?

I suggest those are matters that should be taken into consideration. I suggest further that we can aid France by taking our full part around the conference table at Geneva. I take issue with the Secretary of State for External Affairs when he suggests that we would play a rather minor role there, in so far as Indo-China is concerned, and that we would be only observers. Why should we not play a full part by sitting down with other nations at that conference table and giving our support to our allies at the conference? Why must we stand on the sidelines? We are called upon, when world crises crop up, to play a major part. Canada has never been hesitant about that. We have stepped right out on the stage; we have never stayed in the wings when armed conflict has occurred in the world. Why should we not then play the same part at the conference table?

On occasion we are rather inclined to believe that as a small nation we cannot play a major part. But small nations in the history of the world have often played a decisive part in the course of events. We have only to look back at the small state of Athens when they opposed the great Persian empire; we have only to look at the small Roman republic which fought against the great Carthaginian empire in the three Punic wars. However, consider Great Britain with a population of between 8 and 10 million at the time of the Napoleonic wars. She stood up against the armed forces of Europe in a twenty-year struggle; or for that matter Canada's action in the Kaiser's war of 1914-18 and Hitler's war of 1939 to 1945, a small nation playing an important and in some instances a decisive part in those conflicts. We can supply not only munitions of war and food but fighting troops, which are not second-line troops under any conditions. They have always been first-line shock troops. Therefore a small nation is not necessarily prohibited from an active part either in war or in peace.

During the times of uneasy peace such as are prevailing now, and such as prevailed in the 1930's, Canada has not played its full part. I hope that we shall be more active at the conference table in international affairs. Small nations have shown what can be done under inspired leadership. You think readily of Smuts of South Africa, a small nation; but he was a commanding figure in international affairs in the first world war and subsequent to that. We think of our own Sir Robert Borden playing an active part, representing a small nation and playing an active part in the imperial conference during the first world war and at the peace conference that succeeded it. Therefore we can play our full part in the days of uneasy peace just as we did play our full part in time of war.

I therefore urge upon the Secretary of State for External Affairs that Canada be represented at the conference table at Geneva when this subject of Indo-China is under consideration for the reasons that I have already pointed out. It is our own interest. We want to assist France, because if we assist France, then France assists us in forming a barrier against any possible aggression in Europe and of course elsewhere in the world.

You may say we cannot afford too many more commitments; that we are sufficiently committed at the present time; but we have seriously to consider whether it is not more important to make commitments in order to prevent war than to be obliged, when war breaks out, to enter into the thing partially prepared. We have had that experience twice in our history. Let us not repeat it.

Finally, let me say this: Canada has a major part to play in the councils of the world. She has demonstrated in the past in warfare the part that she can play effectively. She should demonstrate now at the conference table that she can play just as effective a part toward the prevention of war, which is really our main objective.

Mr. F. S. Zaplitny (Dauphin): Mr. Speaker, most of the debate so far has centred around the question of the recognition of China. I have no desire to enter into that dispute whatever except to note that the Secretary of State for External Affairs (Mr. Pearson) has, in addition to his many other virtues and functions, apparently entered upon the field of prophecy because I find that in speaking in Montreal on January 5, he had this to say:

> As I have said more than once, there is nothing more difficult for a political negotiator to retreat from than a bold, black headline!

In listening to the explanations given on that particular issue in this house I was beginning to believe these words. I am not going to enter into that particular dispute, because what I have to say this evening has

to do with an entirely different matter. I should like to devote a little time to the question of self-determination of nations.

I should like to begin by referring to a document which has not been adopted officially, but which I believe was one of the most important statements of policy which was published during the course of the second world war, namely, the Atlantic charter as it was known. I should like to quote just a few paragraphs from it because I believe that Canada could very well adopt that statement of policy as its external policy today. I believe it contains almost everything necessary to provide us with a proper guide in our approach and attitude toward other countries of the world. According to this document, which was proclaimed on August 14, 1941:

> The President of the United States of America and the Prime Minister, Mr. Churchill, representing His Majesty's government in the United Kingdom, being met together, deem it right to make known certain common principles in national policies of their respective countries on which they base their hopes for a better future for the world.

And these are the principles:

> First, their countries seek no aggrandizement, territorially or other;
>
> Second, the desire to see no territorial changes that do not accord with the freely expressed wishes of the peoples concerned;

The third one I consider to be most important for the purpose of what I have to say tonight:

> They respect the right of all peoples to choose the form of government under which they will live; and they wish to see sovereign rights and self-government restored to those who have been forcibly deprived of them;

Other principles are outlined in this declaration, but for the purpose of what I have to say this evening these three will lay the base. As I said a moment ago I believe we can quite properly adopt this statement of policy as outlined in the Atlantic charter as Canada's foreign policy, because certainly if there is any country in the world that can subscribe to these first three principles that I have just placed on the record, it is Canada.

In addition to that, may I also point out that in the human rights commission, in its eighth session in 1952 the following principles were adopted. I shall read just a brief introduction:

> The commission adopted the following resolutions:
>
> 1. Article for inclusion in the international covenants on human rights.
>
> The commission on human rights
>
> Resolves to insert in the draft covenants on human rights, the following article on the right of peoples and nations to self-determination;
>
> "1. All peoples and all nations shall have the right of self-determination, namely, the right freely to determine their political, economic, social and cultural status."

I will skip the next paragraph which relates to another matter and go to the third which reads:

> The right of the peoples to self-determination shall also include permanent sovereignty over their natural wealth and resources. In no case may a people be deprived of its own means of subsistence on the grounds of any rights that may be claimed by other states.

That, together with the declaration contained in the Atlantic charter, sets out the basic principles in so far as we are concerned, and I believe I can speak for all of us. We believe every nation in the world should have the right of self-determination, to choose the type of government they wish to have, the type of economic system they wish to operate, and to be sovereign and free within their own boundaries.

Reference has been made by other speakers during this debate to certain countries behind what is known as the iron curtain. Among those to which reference was made was the country known as the Ukraine. This evening I would like to spend a few minutes in dealing with that particular nation. I wish to assure hon. members that in spite of the fact that, as most hon. members probably know, my racial origin is Ukrainian, I do not approach this matter from a narrow point of view. I hope I can approach it in a more or less objective manner this evening. What I have to say I do not say in a spirit of narrow partisanship, nor do I claim to speak on behalf of the people of Canada who are of Ukrainian origin.

I have no mandate to speak on their behalf. I speak as a Canadian citizen. I was elected to this parliament as a Canadian citizen and though I might speak with a certain amount of, shall I say, sentimental attachment, I think that it will be readily understood that I speak in much the same way as, let us say, a person of Irish origin would speak of Ireland even though he had never seen that country, or much in the same way a Scot would speak of Scotland even though he had never been to Scotland. I am one of those who has never seen the Ukraine, but I do speak with a certain amount of sentiment as one who has heard a great deal, not only from my own parents but from the people with whom I have associated, about the beauty, history, traditions and culture of that country. At the same time I want to reiterate that tonight I hope to approach this subject in an objective manner and I hope that is the spirit in which what I have to say will be accepted.

This will not be the first occasion, Mr. Speaker, on which reference has been made to the Ukraine by various hon. members in this house, but it is perhaps the first time during this parliament that this subject has come up for formal discussion. I believe it would help to trace briefly something of its history for the benefit of those hon. members who may not be familiar with this nation. Few people realize, unless they have taken the trouble to make a study of it, that the Ukraine was a nation in its own right as far back as the middle of the ninth century. That, to a country as young as Canada, is a good many years ago. Perhaps few of us realize that as far back as the middle of the tenth century Christianity had already been accepted officially in that nation. It had come in much earlier than that, and there is evidence to show that both the Roman and Greek influence in that respect was felt in that country. However, it was officially adopted in the year 988 by Volodimir the Great who then ruled that nation. The exact origin of the Ukraine cannot, of course, be categorically stated any more than can perhaps the origin of any nation in the world, but it is known that there was a great deal of Scandinavian influence in the formation and organization of that country as a national entity.

It is known also that from its very beginnings the existence of the Ukrainian state was not a peaceful one due to the geographical location and due also to the fact that it was an area of Europe which was immensely rich in natural resources. It was a continual temptation to other nations perhaps less favoured in their resources and climate, and the Ukraine was the object of invasion on many occasions. History has spoken of the many attacks which the people of the Ukraine had to repel from the east, and the many small and large wars which they had to fight in order to maintain their national sovereignty.

It is also interesting to note that the spirit of democracy—and I speak of democracy here in very broad terms because the concept of democracy is continually undergoing change and interpretation—in the sense that the people wished to be self-governed is deeply rooted in the very existence of the Ukrainian people. History shows that as far back as the year 1068 the people of the Ukraine were already sufficiently organized in a democratic manner that when they had to expel a ruler and replace him with another they did so by the democratic method of calling a meeting of the populace, taking a vote on the matter and settling it in that way. Many of their decisions were arrived at, even as far back as one thousand years ago, in much the same way as in the early days of England when these problems were settled by a town meeting sometimes called the "folk moot". The latter method was used as a rough and ready means of arriving at democratic decisions and nowhere perhaps is that more evident as regards the Ukraine than in the conduct of their military affairs.

Most hon. members have heard of the famous military organization known as the Cossacks who fought for many years on behalf of the freedom of the Ukraine. They were more than just a military organization for they helped to organize the social and economic life of the country. Perhaps it is little known that the military leaders who led the Cossacks were themselves elected by the members of that military organization. In other words, the spirit of self-government and of everyone having his say in the choosing of the ones who were to run the affairs of that country is deeply rooted as part of the tradition of the Ukraine.

Perhaps one of the most famous persons born in the Ukraine was their national poet, the man who popularized and perhaps dramatized the Cossacks and their work and method of doing things. The name of that poet is Taras Shevchenko. The 93rd anniversary of his death was commemorated a few days ago, not only all across Canada wherever Ukrainian organizations exist but also all over the world because Shevchenko, in spite of the fact that he died while still comparatively a young man, reached international fame. Here I would like to quote a few words about this great national poet from the pen of Professor Manning of Columbia University. Here is what Professor Manning has to say:

> He is one of the great poets of the 19th century without regard to nationality or language and his fearless appeal to right and truth and justice speaks as eloquently in the new world as it did in the old, or in the little village where he was born, the city to which he was taken or the treeless steppes to which he was exiled.

It is perhaps not too surprising that in spite of the great many difficulties that the Ukraine had in its early days it produced perhaps an unusual share of the world's artists, poets, and musicians. Perhaps the reason is that it was one of the most picturesque and beautiful countries in the world. Here again I have to rely upon those who have seen it. In order to get a more objective viewpoint I will quote from a Polish author who, about the year 1590, wrote the following words about the Ukraine:

> Ukraine is the richest land known. Its steppes are to be compared with Elysian fields. They are boundless, broken only from time to time by

gentle hills, valleys and groves. Their aspect is fertile and lively. There is such wealth of cattle, game and birds that you might think it were the home of Diana and Ceres. Such quantities of honey are taken from the countless hives that you could forget the Sicilian Hela and the Attic Hymettus. Grapes grow there in plenty and the vine can be easily cultivated. Walnuts are in such plentiful abundance that the Ukraine might once have been an Italian land. It would be impossible to enumerate all the fishponds, lakes and rivers. But why should I vainly scatter magnificent descriptions when I might say in a word that Ukraine is the promised land that our Lord spoke of to the Jews, the land that flows with milk and honey. Once to have been in the Ukraine is never to leave it, it draws everyone as a magnet draws steel, on account of its many advantages. The sky above the Ukraine is smiling, its climate is healthy, its soil fertile . . .

Thus it goes on in a very flowery manner to describe this country. As I mentioned a while ago, its richness and beauty were at once the inspiration of the country and perhaps its greatest tragedy because its richness and its productivity were the attractions for these invaders, many of them almost half primitive, who came with nothing but greed and avarice and left nothing but ruin and desolation in their wake.

That was the early history of the Ukraine—turbulent, uncertain, full of struggles and yet at the same time developing a tradition of democracy, a love of beauty and culture. Then we come to the time that was referred to the other day by the Leader of the Opposition (Mr. Drew), that of the treaty of Pereyaslavl of 1654, which—and I agree with the Leader of the Opposition in that respect—had tragic consequences. It was entered into with Russia in a spirit of brotherhood, friendship and the hope that they could live side by side as neighbours. But with all the good intentions on the part of the Ukrainians the regime in Russia pulled what is today known as a classic double-cross.

They betrayed the Ukraine and, instead of having peace and security, the Ukrainian people found themselves involved in intrigues and wars with their other neighbours. The result of the whole series of wars was that they lost their national sovereignty. For almost the next three hundred years the people had no country that they could call their own; they were divided first amongst one group of countries and then amongst another. It is interesting to note that in 1917, when the Russian revolution broke out in March in St. Petersburg, although for almost three hundred years these people had had no organized nation of their own or no national sovereignty, almost instantaneously they sprang to action and formed what was called the Ukrainian central council with the objective of winning back their sovereignty and independence. I think that fact indicates how deeply rooted in their consciousness and in their very existence was their love of their country, their love of freedom, and their desire to live as masters in their own house.

The rest is almost recent history known by most hon. members, and I will not carry on much longer except to say that in January, 1918, this central council proclaimed the independence of the Ukraine. Unfortunately, owing to the circumstances of the time, the nation did not long remain sovereign but after a few struggles again lost its sovereignty.

I have given that outline just as a background, as briefly as I could, because I believe it is important that we know something about the circumstances of the problem which I am discussing. The question that I started with was the question of self-determination. Here we have a situation where almost forty million people, with a national tradition, a culture and a language of their own, are today part of what is known as the Soviet union. Although the regime at Moscow on paper claims to have given the Ukraine a certain amount of autonomy and has even gone to the extent of having a representative at the United Nations, yet I think no one is kidded by those gestures. Any person knowing anything at all about the situation knows that under those circumstances the Ukraine cannot call itself a nation in its own right. No nation which does not have control of its own foreign policy, and control over its own armed forces, can say that it is a sovereign nation. So we have that problem before us. We have this nation of forty million people who are under the domination of a foreign power. We know—history teaches us this, if nothing else—that those people are waiting and hoping for an opportunity to have their independence again.

May I also point out that in 1918 when the Ukrainian Central Council managed to set up an independent Ukraine, they tried to have it recognized by the peace conference. When they appeared at that peace conference they were greatly disappointed to find that the powers-that-be of that time were not prepared to recognize them. The question that is now before us is this: In what way can we be of assistance to these people to regain their independence?

Here I should like to refer again to some of the statements made by the various leaders in this country. First of all, the Prime Minister (Mr. St. Laurent), speaking in July of 1953 to the fourth all-Canada congress of the Ukrainian-Canadian committee in Winnipeg, referred to this question of Ukraine independence and pointed out that although

he was sympathetic to that objective he did not believe anyone would expect Canada to enter upon a war of liberation in order to accomplish it. May I say that what I am saying about the Ukraine of course applies to other countries in the same position. The Prime Minister used the following words:

> A policy of liberation that would lead to a general atomic war could do no good to anybody.

In his address the other day the Leader of the Opposition also made reference to these various countries. I quote from his speech as recorded at page 3382 of *Hansard*, where he used the following words:

> What of those people now behind the iron curtain to whom I have already referred; the people of Poland, the Ukraine, Czechoslovakia, Hungary, Roumania, Bulgaria, Latvia, Estonia, Lithuania, China and all the nations now enslaved? Have we forgotten them? No, there is no suggestion of armed forces moving into those areas to impose the will of the free nations. There could be none.

I have nothing to indicate the official position of the Social Credit group on that point, but so far as the government and the official opposition are concerned it appears to me that neither party is prepared to advocate anything like a war of liberation to win independence for these countries behind the iron curtain. That is quite understandable when one remembers some of the speeches in the debate in this house, in the British House of Commons and at Washington. When we know what could be involved in a third world war then we know that it could mean the loss of freedom even to those who now have it in an effort to gain independence for others. A third world war with the type of weapons now in existence is unthinkable.

Therefore we have to strive to find other methods, methods perhaps not as dramatic or heroic, perhaps not as quick of attainment, but methods nevertheless by which we can show that as a nation we do believe in the principles enunciated in the Atlantic charter, in the principle of self-determination adopted by the human rights commission, and that we do believe as a basic principle that all the people of this earth have a right to live as masters of their own lives.

That is why I hope that at every opportunity which presents itself this government —perhaps I should say this nation because governments change from time to time—will be ready to do everything within its diplomatic power to help countries such as the Ukraine and others to regain their independence and become sovereign nations in their own right. Opportunities will arise. I am sometimes laughed at by people who say that the age of revolution is over. Maybe I am just one of those idealists but I am one who believes that the revolution that started in Russia in 1905 is not yet over. I do believe there is enough of the spirit of freedom and desire to be free amongst the people within the borders of the Soviet union today that many of us will live to see the day when they will burst their prisons from the inside.

Perhaps in the long run that is the only way in which people can become liberated. We have seen some pretty tragic results from so-called wars of liberation in the past. I believe that the time will come when the people of the Ukraine and other nations now enslaved by the Soviet union will strike a blow for freedom. That may not be as fantastic as it sounds. With the type of weapons of war existing today it might be the only practical way in the long run by which to bring about a major change in the boundaries of those countries. Whatever the method may be by which these nations to which I have referred may find themselves in a position to take their place amongst other democratic and freedom-loving nations of the world, I hope that Canada will be aligned on the side of freedom. I hope that Canada will do everything possible from now on to bring some hope to these people and to let them know that we are with them. Much can be done in that respect.

I have mentioned one method. The international service of the Canadian Broadcasting Corporation is another. There is a Ukrainian section which broadcasts in the Ukrainian language. I hope the minister will take the time to look into that particular section and the international service of the C.B.C. generally in order to satisfy himself that we are doing everything possible to provide hope and information for these people who are not able to communicate with us. Without going into details, I may say to the minister that from what I have seen I am not particularly satisfied that we are doing everything we can. I believe some very important improvements can be made in that particular method of communication with our friends in other countries.

I also believe that a great deal can be done by letting it be known—this does not have to be a cloak and dagger affair—to all the peoples of the world that wherever people are striving for their national independence, wherever they want to establish their freedom as nations, wherever they want to set up a democratic way of life which is being denied to them by their masters, we are on their side.

I should like to refer hon. members to an article which appeared in the March issue of *Reader's Digest*. It is entitled, "Our Secret Allies" and is written by Eugene Lyons. Time will not permit me to refer to it at

great length but I should like to quote one or two paragraphs to indicate what line it takes. It reads:

> Must the collapse of Bolshevism be preceded by a terrifying global war? Yes—unless we head it off in the only way it can be headed off, which is by winning the cold war. The indispensable first step toward that victory is a decision to win; the second is to make that decision known to all mankind, communicating it clearly, especially to the people of the Soviet empire.

The theme of the article is that perhaps the greatest and most powerful allies we have in a non-military sense are the people within these enslaved nations who are willing to risk their lives if necessary. Many people have risked and lost their lives for freedom in the past, and there are thousands who are willing to do so today but who do not want to throw themselves away even for a good cause unless they feel that there is some hope, that there are other people in the world who are with them at least morally. In other words, the people in these enslaved nations are our hope for avoiding a third world war. If they can do internally what would be done externally by means of war, if they can break down the prison walls which are holding them today, they will be perhaps the greatest single instrument in avoiding a global conflict. I hope we will make the fullest possible use of the allies we have in those countries.

I do not wish to pursue this subject much further. I hope that wherever it is possible the Secretary of State for External Affairs will use his diplomatic influence and that the government will use its diplomatic power to see to it that every encouragement is given to the people of the Ukraine in their fight for independence.

I do that knowing quite well that is not something which can be done easily, which can be done overnight or upon which we can expect the government of Canada to give us a firm pledge because there is a great deal involved in these matters. I do not want to leave the impression I am trying to force the government's hand or anything of that sort. I believe it is not too early for us, as a nation, to be prepared to be on the side of the freedom-loving people of a nation with a great tradition, and a great history whenever that opportunity presents itself again.

Let us not forget that the diplomatic blunder of 1918 in refusing to recognize the Ukraine as a nation is one for which we all, to some degree, have had to pay. Let us hope when the time comes again when we can have a friend in the heart of Europe instead of a potential enemy, we as a nation will take advantage of that opportunity.

Mr. John Decore (Vegreville): During the course of this debate, Mr. Speaker, members from different sections of this house have expressed both concern and disappointment over the recent failure of the Berlin conference, as well as the failure of the western world to come to some definite understanding with the rulers at the Kremlin. There is natural concern over the dangers and the possibilities of another world war, and especially the use and the consequence of atomic warfare. This concern, of course, is being shared by the people of Canada.

Even though nearly half of our total annual budget has recently been appropriated to national defence, and even though this is a great financial burden on the people of Canada, the people have accepted it because of our ardent desire for peace. Our participation in the Korean war, the presence of our troops today in Europe, our efforts at collective security are all for the purpose of deterring aggression and making it clear to the would-be aggressor that it would be very risky for him to start another war.

Of course we have learned the hard way, through history, that one-sided disarmament is certainly a definite invitation to aggression. Although Canada, together with other countries of the free world collectively, is spending huge sums of money on armaments for defence purposes in order to preserve peace, let me remind this house that today the Kremlin apparently has control of nearly one-third of the territory of the world and over eight hundred million of its population. Let me remind this house that the Kremlin has not only huge resources in manpower but has other resources as well for conducting a war. It holds strategic geographic positions in both Europe and Asia, and of course can rely on the help of fifth columnists in the countries of the western world.

As I say, we must be realistic and recognize these facts. The question therefore arises, has the free world and has Canada, in assessing the strength of Russian imperialism and world communism, also carefully assessed all its weaknesses? Shall it be the defence policy of the free world that, through alliances, collective agreements, we shall endeavour to match the Kremlin man for man and gun for gun in the event of a crisis? We certainly cannot match them man for man and I wonder just how far we can go in matching them gun for gun?

We do know that today the Kremlin has the ability to conduct atomic warfare. In the event of a crisis there are naturally certain advantages that are in our favour, but we must be compelled to recognize we have many

disadvantages as well. It is for that reason we should explore every avenue open to us and be prepared to exploit any situation which may arise in our favour, especially in the event of a showdown.

As a result of what I have just said, I should like to make some suggestions to the Secretary of State for External Affairs (Mr. Pearson). The free world has gone to great pains to seek collective security, especially through the NATO plan. This, of course, is on this side of the iron curtain. How far have we gone in endeavouring to seek allies behind the iron curtain? Let me hasten at once to say that I do not want to be misunderstood. Of course, the free world is hardly in a position to enter into any understanding with the governments behind the iron curtain, such as the satellite countries or other peoples within the U.S.S.R.

What I want to stress is this. It is surprising that many of our leading international observers in the western world seem to be under the impression and to create the impression that the U.S.S.R. is a monolithic Russia and that the U.S.S.R. is made up solely of Russians who speak the same language, have the same traditions, the same culture, the same aspirations and the same history. There are others who, recognizing that there are other peoples within the U.S.S.R., are under the impression or create the impression that these peoples are happy to be joined in union with the Russians; that they have been happy formerly under the czars and they are now happy under red government domination. Nothing could be further from the truth, and history persistently points out to us that is not the case. This is exactly what the Kremlin wants the western world to believe.

I am not going into any extensive argument at this time on this question. I should like to draw the attention of the minister to certain vital facts about the U.S.S.R. The U.S.S.R. is an empire made up of many captive nations. There is only one Russian nation within the U.S.S.R. but there are fifteen distinct non-Russian nations within the country who have throughout the centuries sought their independence from Moscow domination. One of them, the largest non-Russian nation within the U.S.S.R., occupies a territory larger than that of France and has a population of nearly 50 million people. It is important also to note that the majority of the people in the U.S.S.R. are non-Russians. These non-Russian peoples cannot be regarded merely as ethnic groups within the U.S.S.R. in the same sense as the ethnic groups of Canada or the United States, who are proud to be known as Canadians or Americans and who are striving for a common cause.

[Mr. Decore.]

These captive nations have their own separate languages, traditions, culture and for centuries have struggled for liberation from the yoke of Moscow tyranny, whether it be under the czars or under the red government. Nor are these nations bound together by such common ties of affection and unity of purpose as we are within the British commonwealth of nations. On the contrary, these nations are being bound together by terror of the secret police, by concentration camps, by mass exilings and by liquidations directed from Moscow.

And so I say that we must be realistic and recognize these facts. And our foreign policy, I think, should be so directed. We should recognize who are the natural enemies of the Kremlin, and see if they are not the natural allies of the free world. It appears to me that the free world or the western world in many cases has failed to understand these dynamic forces of nationalism and self-determination which springs from the masses of the people, and which forces could be very instrumental in the overthrow of world communism and Russian imperialism.

Let me point this out, that although the Soviet government is basically the bitter foe of movements of national liberation, yet it is a fact that that government studies these movements with exceptional depth and uses them against the western world. The Kremlin uses arguments of national interest of peoples of Asia and Africa, and uses them politically and cleverly against us.

It is my submission that the subjugated nations within the U.S.S.R. together with the satellite states are the Achilles heel of Russian imperialism and world communism. I am not suggesting for one moment that we are now in a position to foment uprisings and revolutions of these subjugated captive nations within the U.S.S.R., and the satellite states. What I am suggesting is that, first of all, we should make a very careful study of all these peoples to whom I have referred —their way of thinking, their culture, their differences with the Russians, their aspirations, their desires—and above all, we should know their history, especially their history of movements of liberation.

Furthermore, let us not depend upon the Russians as a source of information concerning the history of these peoples, because it is a fact that the Russians have been and are today the greatest masters of the falsification of history, and especially the falsification of the history of these subjugated peoples. They have succeeded so well that many people in the free world seem to be under the impression that the U.S.S.R. is in fact a monolithic state. I say, let us endeavour

to show these people now that we have at least some interest, that we are interested in what they are doing and in what they are thinking.

On February 2, 1953, in his speech before the United States congress President Eisenhower made this statement:

> Our policy, dedicated to making the free world secure, will envision all peaceful methods and devices, except breaking faith with our friends. We shall never acquiesce in the enslavement of any people in order to purchase fancied gain for ourselves. I shall ask the congress at a later date to join in an appropriate resolution making clear that this government recognizes no kind of commitment, contained in secret understandings of the past with foreign governments, which permit this kind of enslavement.

Almost at the same time the United States Secretary of State, Mr. Dulles, made this statement and gave this hope to the peoples enslaved by red Moscow, when he said, "The enslaved peoples should count on us".

I confess, Mr. Speaker, that I am not too clear as to the interpretation of these words, and especially their application in connection with present American policy. However Canada is playing an important role in international affairs. I believe we should take some initiative; and I would like to make this suggestion to the minister—in fact, I would urge that the minister give this matter careful consideration—that is, that a separate section be set up in the Department of External Affairs for the purpose of giving careful study to these different movements of the captive nations behind the iron curtain, and especially within the U.S.S.R.

This is important to us in the event of a crisis. Let us not make the same stupid mistake that was made by Hitler. There are many books being written today, and many have been written in the last few years containing statements by German generals and German leaders who say that Hitler did not lose the war with Soviet Russia at Stalingrad, but that he lost it near Kiev. When the Germans marched in, at one time over 600,000 soldiers laid down their arms and surrendered. The people in that area welcomed the Germans with bread and salt; they looked upon the Germans as their liberators.

But Hitler did not realize the significance of that. He started treating these people in the same brutal fashion in which he was treating the Jews, with the result that they turned against him. As I say, let us not be in that position; let us not make the same blunder. I know there is a school of thought with a strong following which says that if we favour this policy, if we show any interest in the nations within the U.S.S.R., we would be antagonizing the Russian people. Well, it is my submission that the Russian people as such are not interested in Russian imperialism —except for the upper strata—whether it be in the red or white ranks.

Let me say that the Kremlin, by exploiting the national aspirations of peoples, in Asia as well as in Africa, has caused the countries in the western world a great deal of embarrassment and difficulty. So why not turn the tables on them? I repeat: Let us recognize the natural enemies of Russian imperialism, and ascertain if they are not the natural allies of the free world.

Mr. J. M. Macdonnell (Greenwood): Mr. Speaker, it is not the most agreeable occupation in the world to enter a debate that is reaching the close of its fourth day. Actually I was strongly encouraged only at the dinner recess by one of my colleagues with a great gift for clear and vivid expression not to speak at all. He said, "There has been too much talk on this already." I might have accepted his view were it not for the fact that I wished to say a few words for exactly the same reason set out by the hon. member for Eglinton (Mr. Fleming) who, in opening his speech the other day, said:

> I must confess to not a little surprise and considerable regret that the Prime Minister . . . said not one word about the vital and beneficent role that the Commonwealth is playing in the struggle for world peace today.

It is on that, Mr. Speaker, that I wish to detain the house for a very short time.

In spite of ourselves this debate has centred—I should not say "in spite of ourselves"; it is perhaps natural—largely around the two great monolithic centres of power. I am not overlooking what the hon. member for Vegreville (Mr. Decore) said about the cracks in the power of the U.S.S.R., but the debate has centred around these two centres of power, these two great land masses. And I suppose we must face the fact that if it were not for the breadth of view which the United States has taken in these latter years we might easily have had a situation where these two great land masses retired on themselves, and we might have two regional states with all the dangers and temptation to rivalry and struggle that is involved in that.

Imagine, for example, if you can, the United States, without the expansive view that it has taken, as a great centre of capitalistic power centred in Washington, and on the other hand a great centre of state socialistic power based on Moscow.

Now, we know the United States; we know that they hate war; we know that they, like ourselves, wish to live and let live. They

hate war just as we do; and although they have resorted to conscription, it is merely because of their great sense of danger and their great sense of world responsibility. The U.S.S.R. remains to us morally and intellectually an enigma. They use words in what seems to us a topsy-turvy fashion. I remember that friend of everyone who was in the house with him and whom we so sadly lost last autumn, Gordon Graydon, saying two things about the Russians that did more than anything else I have ever heard to make me understand in some vague way not what they were like perhaps but how different they were from us.

He said this to me: "We hardly realize how ingrained in our very fibre is the feeling that whatever the majority wants must happen; whatever kind of a gathering we are at, whatever is the subject of discussion, you get to the stage where this question is asked: What does the majority want?" Then he said to me a thing that I had never thought of before: "That is absolutely foreign to the Russian mind. There is nothing in them which responds to that." Then he added this curious irony. "They say we must proceed by unanimity, by agreement." Well, of course, the kind of agreement is a very strange one to us, but nevertheless, that is what Gordon Graydon said, and I think perhaps more than any of us—I'm sure the minister would not disagree with this—Gordon had the gift of getting on with everyone, even with the Russians.

He said another thing to me which was full of significance, and which gave me a glimpse of their mind. Perhaps more than anything else it gave me a glimpse of their utter incapacity for the great discovery which we have made, the greatest of all I think in our democracy, and that is tolerance. He told me that he had made friends with one of the Russians, and he said to this Russian after he had made a speech: "That was a good speech you made". And the answer was "Gordon—" everyone called him by his first name, and Gordon called everybody else by their first names; I have no doubt that if he had met the king he would have been calling him by his first name soon —"Gordon, you cannot be sincere when you say that was a good speech, because you did not agree with it."

Now, that, Mr. Speaker, seemed to me to give a glimpse, perhaps clearer than I had ever had before, of this strange mentality that cannot believe that you can disagree with a person and still respect him, and, what is more important still, work with him. This chamber in which we sit is an evidence of the greatest of all discoveries, I suppose, made by democracies, and that is that it is possible to be tolerant, it is possible to disagree and yet to work together; it is possible, as Churchill said, to believe that the things which divide us—and sometimes they seem pretty great—are less than the things which unite us.

Now, in this strange situation we find ourselves, with these two great centres of power, we go on with an uneasy *modus vivendi*, and we are looking constantly for some way of living together, if not happily at least peaceably. Sometimes we seem to be making a little progress, and sometimes we are not so sure, and if there were nothing but these two great forces in the world I confess that my hopes would not be very high and the situation would seem to be bleak indeed.

And it is in that atmosphere that we are when we are thinking purely of these two great centres of power. How could it be otherwise? We are always talking about war; we cannot help it. We are driven into it. We are talking about preparation and counter-preparation. Therefore it is hard for us in this atmosphere to look beyond; it is hard to have any other thoughts in our minds, and for that reason it seems to me that we ought to be as thankful as we can be and more thankful than we often are that there is the commonwealth; that there is this third centre of power in the world. It is not negligible, but we are apt sometimes to forget about it or to seem to forget about it.

Let us take a look at it, and at the importance of it. First of all, in the United Kingdom you have a power, not so great as it used to be, but with long experience, great knowledge and immense patience. You have in the dominions new and increasing centres of power, and though we sometimes overlook it, the commonwealth has in the last few years played a very important part. If we go back to the two wars, what was our part in it? Without flattering ourselves we can remember, as somebody put it, that we were 1914 and 1939 men and not 1917 and 1941 men. In other words, we gave the lead to this continent at a time when a lead was very important.

Now, let us take a look at this commonwealth with its world-wide interests—an association of nations belonging to every part of the globe, containing in it hundreds of millions of Asians, who are in it of their own free will, who remained in it when the time came that they were free to go where they wished. They remained inside the commonwealth and they have in this recent struggle played a part. If we are fair-minded

we must concede that India played a part first of all in the negotiations which led to the armistice, and after all an armistice is better than fighting, and also played a part, I think a significant part, in the dealings with the prisoners of war. We remember how the prisoners of war used to be front-page news almost every morning. There is one menace which apparently has been put to sleep for the moment at any rate.

The commonwealth cuts across regionalisms. Like the C.P.R., it spans the world and helps to break down isolation. You might also say it is neither American, European, Asiatic nor African but world-wide. Its members are set in different continents but they belong outside, too. Australia is not merely a part of the southeast Asiatic region; it is a part of the commonwealth. South Africa is not merely a part of Africa; it is a part of the commonwealth. Canada is not merely an important part of the North American continent; it is a part of the commonwealth. Here I should like to read from one whose words were always listened to with interest, describing briefly the role of our own country, its purposes and its possibilities. I quote briefly from Churchill speaking of Canada's place in the world:

> The long unguarded frontier, the habits and intercourse of daily life, the fruitful and profitable connections of business, the sympathies and even the antipathies of honest neighbourliness, make Canada a binder-together of the English-speaking peoples. She is a magnet exercising a double attraction, drawing both Great Britain and the United States towards herself and thus drawing them closer to each other.
>
> She is the only surviving bond which stretches from Europe across the Atlantic ocean. In fact, no state, no country, no band of men can more truly be described as the linchpin of peace and world progress.

Then I come in this list to the United Kingdom, that much-enduring people good at need; often annoying, if you will, but who improve on acquaintance, always good in a pinch, and who have stood for freedom when no one else would do it except the other members in the commonwealth, and at a time when it was vital it should be done.

The commonwealth cannot be isolationist. Geography forbids; it is spread all over the world and its interests tend to world order. At the same time there is a tendency to the decentralization of power and toward local autonomy.

I want to say a word as to the vast importance of the Asian members of the commonwealth. It may well be that the hundreds of millions of Asians within the commonwealth may still bring us a rich harvest of good will, which we can hardly anticipate as yet, for they have contacts with the rest of the Asian world. I have already mentioned the useful part which India has been playing in world affairs and I want to say again that every member of the commonwealth is a member of their own free will—they can take down their hats and leave any time they wish. I have also pointed out that it helps to mitigate regionalism. Power split three ways is infinitely safer than power split two ways.

Now I wish to say a word as to a division of the world into two blocs and what that would mean to Canada if it were ever consummated. Just as Belgium used to be the cockpit of Europe we stand between the U.S.S.R. and the U.S.A. and we could easily become the cockpit in the centre of a conflict. Without the commonwealth connection there would be little alternative but to become part of the hemispheric empire of the United States. But the commonwealth has always been friendly to the United States and indeed during two world wars helped to pull the United States out of continental isolation.

There was a time when there was a feeling throughout the commonwealth that parts of that commonwealth, other than the United Kingdom, suffered from some inferiority of status, that there was a touch of colonialism. However, Mr. Speaker, I know that we are all aware, and, every one of us, fully convinced, that that status is long behind us, and at the present time we are as free as the air, and free to do what we will. The commonwealth constitutes an example of world order on a small scale because, as I said, it covers the world. It has always stood for freedom and toleration and it has saved the world from what might have been world tyranny in both great wars.

That being so I found some disappointment in the words used by the Secretary of State for External Affairs (Mr. Pearson). These words have already been quoted but I should like to quote briefly again as reported at page 2394 of *Hansard*. During a statement made at Rollins College, Florida, the minister said:

> So we range ourselves on the side of freedom, under the leadership of the United States of America, and we will play, I hope, a good part in the long and unending fight for peace and a decent world.

I regret that at that time the minister should have thought it necessary to confine his remarks to the United States. We are, of course, ready to accept leadership from the United States, but I regret that he left it open to the interpretation that we do not regard the commonwealth as one of the

great leaders with whom we are associated and whose example we should follow.

My own feeling, Mr. Speaker, is that we should be proud of our North American partnership; we should be proud of our commonwealth partnership, and we should be thankful that Providence has placed us in the position where we can play a great part in both.

Mr. Erhart Regier (Burnaby-Coquitlam): Mr. Speaker, unlike the hon. member for Greenwood (Mr. Macdonnell) I do not wish to offer any apologies for lengthening the time for this debate. I am sure if my people back home wanted me to rise in this house and speak on any debate it would be on this one. I do not believe the Secretary of State for External Affairs (Mr. Pearson) is overly anxious to end the debate. I have full confidence that he wants to have placed before him in as full a measure as possible what goes on in the minds of the Canadian people.

However, having said that in regard to the hon. member for Greenwood, I wish to underline everything else he has said. I was very pleased to see the Conservative party, through that hon. member, make some attempt to amend what I believe has been some of the harm they have done during the past few days.

Now, Mr. Speaker, I notice some inference drawn from speeches made by hon. members in this section of the house and the term "fellow travellers" was used in regard to these members. I would like to place on record that these things the Canadian people have been reading about in the newspapers about the evils of communism have been known to some of us for many, many years before our newspapers published what they considered to be news.

I have personally lived side by side with refugees from communism since the year 1923. In fact, our home was the home of a considerable number of refugees over quite a number of years and I regret to have to admit that the stories told by refugees in 1923, 1927 and 1947 are all the same. It is one and the same song of persecution beyond the point of endurance. I hope no one will ever attempt to label me a "fellow traveller". However, I also learned from many hundreds of refugees I got to know that Russia today has no more and no less of Christianity than she had before the revolution of 1917. I believe most hon. members in this house will agree with that.

The common, ordinary peasant of Russia today has to live under the most terrible conditions in exactly the same way as he had to live before that revolution. When we think of the Soviet union I do not believe we can lay all the blame for the conditions under which these people unfortunately have to live under the system of government they now have. There have been a lot of other forces at work. For confirmation of that other than from refugees one has only to read a few of the books of the great Russian writer Tolstoy. We realize that people there have lived under these horrible conditions for a long, long time.

I will admit that what our newspapers say about the slave labour camps in the rugged north of Siberia is only too true. However, slave labour camps were not invented by the communists. They were merely extended by them for they were favourite resorts to which these czarist rulers used to send their undesirables.

Another thing that does not fool me is the eternal attempt on the part of the communists to form a united front. I maintain that the great tragedy of Spain would possibly never have happened if a lot of the liberal-minded people had not been taken in by the communist offer of forming a united front. Whenever communists have formed a united front with liberals and with progressives, they have deceived and have managed to upset the arrangements. They have not kept faith. The same could be said of Czechoslovakia and their rape of that country. The condition maybe was unavoidable there. At this time I should like to endorse the statement that our Secretary of State for External Affairs made on Sunday last in referring to what happened in Czechoslovakia. The same story applies to the history of the Baltic states. I regret to say that the same story may some day apply to some of the states of India and to a great nation such as Italy. There is no such thing as forming a united front with any dictatorial political organization, be it of the right or of the left.

Where have we failed the cause of democracy? I think one of our earliest failures of the cause of democracy was when we let down the Weimar republic of Germany. That let-down was responsible indirectly for the rise of communism and nazism in Germany so that by 1933 there was nothing left for the German people but to choose what they thought to be the lesser of two evils. Another let-down in more recent years of the cause of democracy—and I am not too sure just what our share of the blame is—has been the actions in British Guiana. Surely a nation in South America that has been under British rule for as long as has British Guiana should not have found that the only alternative to the state of things as they existed there was

a government that the government of Great Britain had to oust. Somewhere along the line we failed there.

I feel that we also failed as a western civilization in the countries of South America. I think it is a reflection on all of us in the western world that there are as many nations as there are now in South America under the armed heel of dictatorship. I think we have failed in Africa somewhere, in East Africa as well as in South Africa. Even today we still find in democracies a good measure of support for the cause of colonialism. When we think of Indo-China, let us ask ourselves why France is at war there. Is it because she wants to act as a bulwark against the advance of communism, or did the Indo-Chinese war originate because the people of France wanted to defend their interests there?

The statement has been made that Asia is the most important part of the world today. To that statement I should like to add that, from my observation, Asia today is the last hope for the white race. I feel that our history in Asia has been a most deplorable one. We have sent the missionary, and right beside the missionary went the exploiter. Yet we are greatly amazed when we find how little effect our missionaries have had in Asia over the years. We stand condemned in the eyes of the Asiatic world. I think there is a good deal of reason why they should condemn the white race. We are not only condemned in Asia but we are condemned in Africa and in South America. Just the other day I noticed a report on Canadian hospitals, and I noted there the great discrepancy between the type of hospitalization enjoyed by the white people in Canada and the hospitalization enjoyed by the Indians, the natives of Canada. Even here at home our skirts are not completely clean.

Today we are given a unique opportunity to salvage something from the wreck, if we will but take the lead and offer the hand of friendship to the people of Asia. After all the suspicion that they have for us, with just cause, if we are able to persuade them that we mean well towards them, we may yet hold our leading role in world affairs for a goodly number of years to come.

To me the surprising thing has been why we should suddenly worry about the fate of the peoples of Asia. We have gone along merrily for centuries and the white race has never shown any particular concern for the welfare of the peoples of Asia. Not so many years ago Asia was only a means of enriching our standard of living. I submit that the United Nations is our only hope. Acting as individual nations we are subject to suspicion by those Asiatic and downtrodden peoples of the world; but possibly through an international agency such as the United Nations, we shall be able to do some good.

Much has been said of totalitarianism. I should like to give another definition of totalitarianism, Mr. Speaker. A totalitarian government is only a manifestation of the evil. When we speak of totalitarianism, may I say that totalitarianism exists in some measure in each and every one of us, in every human being. It is a part of the evil of the world. It can maybe be illustrated by this idea: I know what is right and if you do not agree with me, therefore you must be wrong. Because I am right, I have the authority to enforce my will upon yours. You must conform to my will because I am right and, if you refuse to conform, I am fully justified in using every means at my disposal to eliminate such an evil influence that does not agree with me.

That idea finds expression in many ways, and one way is in form of government. If we were to abolish the government of the Soviet union today, very likely another similar evil form of government would take its place. I think the results of the first and second world wars should by now have convinced us of that. We thought we had rid the world of dictatorships but I do not think I am wrong when I say that in the world today there are possibly more dictatorships than there were back in 1939; and we recognize some of them as being equally vicious.

To my mind, it all comes back to a basic principle that we somehow will not adopt. The theory of authoritarianism at one time in man's history may have been useful. However, it was condemned for us, in the western world, as far back as 2,000 years ago. Yet we still seem to want to cling to it. Even in this house I notice that someone is advocating that our Criminal Code should be based on the Mosaic laws. I thought that was a very backward statement to make. Surely we had greater laws given to us 2,000 years ago, laws greater than the Mosaic laws which were meant to govern the affairs of men of an altogether different age, at a different stage of development and under different circumstances. How can we fight this evil of totalitarianism in the world? I maintain that we certainly will not fight it by such means as the rearmament of West Germany. I should like to ask the Secretary of State for External Affairs (Mr. Pearson) whether the western world has ever proposed to the Soviet union that we will see to it that West Germany is not rearmed if they will see to it that East Germany is not rearmed. At the recent Berlin conference we offered a deal

with respect to Germany. We wanted free elections in Germany and maybe we did not say it but what we meant by free elections was that a government freely elected would then be loyal to the cause of the west.

It is readily understandable why the Soviet bloc turned down that offer. I think we could very well make all Germany a buffer state that would forever be prohibited from having armaments of its own. We might follow that up by using our imagination for a change and saying to the Soviet bloc: If you people will agree to give sovereign power over the Ukraine to the United Nations we Canadians will also give our sovereign power to the United Nations.

Mention has been made of the agencies of the United Nations and how we are willing to support them. Many laudatory words have been spoken about the United Nations. I was especially happy with the speech made by the hon. member for Mount Royal (Mr. Macnaughton). I think he made one of the greatest contributions to this debate. What is our contribution to the United Nations and its agencies? We treat it as a multimillionaire attending church service treats the collection plate when he hauls out a nickel and lets it make a big noise when it falls. As a nation we are not sacrificing at all for the cause of world peace through the agencies of the United Nations. The amount of $25 million under the Colombo plan is not a sacrifice for the Canadian people, and I think all of us here who know something of the size of our national income must admit that.

At home I think we must set our own house in order. I agree with the Secretary of State for External Affairs when he says that we must have a rededication to the faith that is in us. We must believe in the intrinsic basic sanctity of the individual. We must believe that no man has a fundamental right to be ruler over another man. That is the basis of Christianity. That is the basis of democracy. Then we must go on from political democracy to economic democracy because the other two are to a certain extent meaningless without making provision for the whole.

In view of the recent explosions of the H-bomb in the Pacific I think the time may not be too far removed when the Canadian nation and the Canadian government may turn back the pages of *Hansard* and look again at the philosophy put forward in this house by the first national leader of the C.C.F. party, Mr. J. S. Woodsworth. I think Canadians as a whole are beginning to realize that there is no solution through the use of armed force that will be of any use. It is admitted that a third world war will wipe out our civilization as we now know it. That fact has not yet sunk home, but I think when we really realize the significance of it we will turn back the pages and look up what J. S. Woodsworth had to say.

A lot of statements have been made which I will not call wild because they were sincerely meant. I know that every member of the house is sincere in everything that he says, but the philosophy of some of these statements seems to be that we have to be prepared to die for the things that are so dear to us. I should like to ask the house: Are we willing to die for a God who needs an H-bomb to defend Him? Are we willing to die for a political or economic system? Are these things worth blowing up the world for?

I should like to again express my pleasure at the remarks of the hon. member for Greenwood (Mr. Macdonnell) and I should like to add that not only the peoples of the British commonwealth but all over western Europe and Asia hundreds of millions of people will have nothing to gain by a third world war that some of our friends to the left seem to think is necessary. The people of Europe, of Great Britain and the rest of the commonwealth and of southern Asia do not want war. They are looking today for leadership to avoid war. I have said it before and I say again that these peoples say from the bottom of their hearts to the United States, which has an economic system that it seems willing to blow up the world to defend, and to the Soviet union, which has a vicious political system that it seems prepared to defend no matter what the cost: A plague on both your houses, we will have peace and prosperity.

I am fully convinced after listening to what has been said in the house that the Liberal government knows what is the right course to follow. I only hope they will have the courage of their convictions to act accordingly. Let us make the United Nations an instrument that will preserve the peace of the world. Give to the United Nations the military tools necessary but let us not sabotage it before it has begun to be effective in the world.

(Translation):

Mr. Georges Villeneuve (Roberval): Mr. Speaker, I would feel remiss in my duty were I to let the current debate on external affairs come to an end without making my humble contribution and dealing particularly with two questions I deem especially important,

the American nations organization, more often called the Pan-American Union, and our representation abroad.

May I be permitted first to congratulate the Prime Minister (Mr. St. Laurent) upon the manner in which he performed his task during his recent trip around the world. We can expect that from now on the voice of Canada will be particularly heeded in the international sphere; this will give more importance to our country which, moreover, seems called upon to bridge the gap between nations of greater importance which are proportionately farther apart on account of various ideological, racial, economical and historical factors. Thus is verified in the international field the truth of the popular maxim: "We often require the help of one smaller than ourselves." I see in that fact a wonderful opportunity for Canada to win the friendship of a number of nations in such a way as to get help in various fields, since isolationism is out of place in the present world.

Caracas, in Venezuela, was recently the site of an important Pan-American conference, but unfortunately Canada as usual was conspicuous by its absence. Our country has repeatedly been invited to send representatives to the Pan-American Union which includes every American country but ours. Canada sent observers to some of the conferences held by this organization, which at least augured well for the future. But, at this last conference, Canada was completely conspicuous by its absence, which is to be regretted, for, as an American country, Canada should first of all, in my opinion, study the problems facing the continent to which it belongs. Peace, good will and the struggle against communism, all matters which concern us and to which we devote our efforts and sacrifices, should in my opinion be of primary interest to us in relation to the continent where we live and of which our country is a part, whether we like it or not.

As far as I know, only one Canadian attended the Pan-American conference in an unofficial capacity; without an official mandate he could not speak for Canada, although, at Caracas, our voice would have been listened to even more than that of our immediate neighbour, for the good reason that no friction ever arose between our country and any of the Latin American countries.

On the occasion of the Caracas conference, the countries of America, anxious to share in the betterment of their own populations, decided to create an institute for inter-American economic co-operation, and asked three universities—two of which are Canadian, namely Laval University of Quebec, and St. Francis Xavier University of Antigonish—to send delegates among whom would be chosen the director of this institute. They have thus recognized the magnificent achievements of the co-operative movement in Canada, as well as the important place we have acquired in the eyes of our continental neighbours, and have shown by the same token the services which our country could render its neighbours by taking an active part in the Pan-American Union.

Last year, a group of Canadian businessmen, headed by the Minister of Trade and Commerce (Mr. Howe), visited certain South American countries on a commercial and economic mission. Our country needs new markets and it would seem that we have interest in making bids for the markets of several countries at the same time. The Canadian mission did not fail to see the numerous possibilities for trade with these various countries with which we do not have enough relations.

By becoming a member of the Pan-American Union, I am confident that Canada, while making an act of faith in pan-Americanism, would consolidate and improve her foreign trade. I would also see in such a move a means of helping countries that seek our friendship, which would also benefit Canada herself. Moreover, all those Latin American countries have a culture similar to that of the French-speaking element of Canada. Since French culture has been and continues to be an asset to our country, I do not see why it could not be permitted to make its influence felt more fully abroad, which would tend to enhance still more the prestige of our bilingual and bi-racial nation.

If Canada deems it advisable to subscribe to the United Nations, to the Atlantic treaty and to many other international organizations whose aim is to maintain peace in the world, which is also Canada's concern; if, on the other hand, Canada thinks it advisable to have ambassadors in most American countries, then, I fail to see why our country would stand aloof any longer from the Pan-American Union, in which we are immediately interested and in which Canada, being both an important country and an American country, could play a very important part. As far as I am concerned, I will be doubly proud the day Canada joins the Pan-American Union, because we will then have paid more attention to problems in which we are interested from every point of view, to the problems of a continent of which our country is a part.

Coming now to the second part of my remarks, it seems strange to me that Canada has no diplomatic relations with the Vatican state, where all important countries feel that they need a spokesman, because the Vatican has long been a crossroads of international influences, because of the international influence of its head, whose authority is both civil and religious.

The great objection made to this representation generally originates with people who are unable to distinguish between the civil and religious aspects of a state which nevertheless has great influence and has done its share in the work for peace throughout the world.

A large number of countries, among which are some of the most influential and least Catholic of all, such as the United Kingdom, Japan and Turkey, maintain diplomatic representatives at the Vatican. I have not heard it said that this has been prejudicial to them or contrary to their interests since they have made no move to withdraw them.

For instance when a British ambassador presents his credentials to the chief of state of the Vatican, these letters are issued under the Great Seal of Her Majesty the Queen of England, head of the Established Church of England, but also sovereign of a temporal state called the United Kingdom, to His Majesty the King of the Vatican state, head of the Catholic Church as well as of a temporal state called the Vatican. I do not think that such an exchange of diplomatic representatives between two sovereigns, who are at one and the same time temporal and spiritual rulers, has led to any worsening of the relations between themselves or their respective states since, on both sides, this representation has been quite voluntarily maintained.

Therefore, I hope that the day will come when all Canadians, regardless of their religious convictions, will consider this matter objectively, so that our country may exchange diplomatic representatives with the Vatican. And I am sure that no Canadian of the Catholic faith would even be opposed to the nomination of a representative of another religious faith, since it will be a case of naming a representative to a temporal state as such and not to a religious leader.

I am one of those who believe that cultural differences have nothing to do with Canada's participation in the organization of American states, no more than religious antagonisms, in the matter of naming an ambassador to the Vatican. So I believe that Canada, by filling these two gaps, would make a great step forward in the international field.

Mr. Speaker: Will the hon. member for Roberval adjourn the debate, or has he finished his speech?

Mr. Villeneuve: I have finished my speech, Mr. Speaker.

(Text):

On motion of Mr. Winch the debate was adjourned.

BUSINESS OF THE HOUSE

Mr. Harris: Tomorrow we shall continue this debate and when it is completed take the Criminal Code, with this reservation, that there will be a slight alteration in the sequence in which we take the remaining items so that the sections dealing with treason will be reached last rather than second last.

Mr. Knowles: Will the second last, then, be the sections having to do with mischief and sabotage?

Mr. Harris: I understood those were the last sections, and that they are just reversed.

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

HOUSE OF COMMONS

Wednesday, March 31, 1954

The house met at 2.30 p.m.

HISTORIC SITES

ESTABLISHMENT OF "WOODSIDE" AS NATIONAL PARK

Right Hon. L. S. St. Laurent (Prime Minister): I have a short announcement to make regarding Woodside, the boyhood home of the late Right Hon. William Lyon Mackenzie King.

The Woodside property includes the old residence and about eleven acres of wooded land in Kitchener, Ontario. Plans to restore the site were made by a group of interested citizens in 1942. It was not until 1950, however, that it was possible to bring these plans to fruition. In that year the Mackenzie King Woodside trust was established as a non-profit, non-political corporation with the purpose of restoring Woodside. Contributions were received by the trust from Canadians in many walks of life, and the trust has since carried out the physical restoration of the site at a cost of some $90,000.

Shortly after the work was started the directors of the trust approached the federal government with the suggestion that when restoration was completed Woodside be made a national historic park. This proposal was referred to the historic sites and monuments board of Canada. The board, after investigation, declared Woodside to be a site of national historic importance and recommended that it be taken over and maintained as a national historic park. The recommendation of the board was made in May, 1952. The restoration having been completed, it has now been decided to accept the offer of the trust and to take over the site as a national historic park as of April 1, 1954.

RESTRICTIVE TRADE PRACTICES

CHINA AND EARTHENWARE—TABLING OF REPORT ON RESALE PRICE MAINTENANCE

Hon. Stuart S. Garson (Minister of Justice): Mr. Speaker, I beg to table the report of the restrictive trade practices commission concerning alleged instances of resale price maintenance in the sale of china and earthenware.

TRADE

JAPAN—EXCHANGE OF MOST-FAVOURED-NATION TREATMENT

Right Hon. C. D. Howe (Minister of Trade and Commerce): Mr. Speaker, I should like to make a statement to the house in regard to negotiations with Japan for the exchange of most-favoured-nation trade treatment. As hon. members are aware, these discussions have sought a treaty which would be mutually beneficial to both countries. An agreement on commerce between Japan and Canada was signed this morning by the Secretary of State for External Affairs and myself and by the ambassador of Japan to Canada.

The Canadian government welcomes the signing today of the trade agreement with Japan which, when it is ratified and comes into force, should contribute to the prosperity and good trading relations of both countries. Japan is a great trading nation and last year was Canada's third best customer. The importance of the agreement, however, goes beyond commercial considerations, for the agreement should also contribute to stable and friendly relations between the two countries and to the peace and security and progress of the Pacific area. If the house so wishes, I shall table the agreement now and outline its principal provisions.

Under the terms of this agreement Canada and Japan will exchange unconditional most-favoured-nation trade treatment. The agreement also provides that neither country will impose or maintain restrictions or prohibitions affecting its trade with the other country unless similar measures are applied equally to all third countries. Similarly, in the allocation of foreign exchange and in the administration of foreign exchange restrictions affecting trade, each country will accord unconditional most-favoured-nation treatment.

In a supplementary exchange of notes which is appended to the agreement Canada reserves the right to establish special values for duty on any imports entering Canada in such increased quantities and under such conditions as to cause or threaten serious injury to domestic producers of like or directly competitive products. In the event of such special values being applied, and in

determining the level at which such values should be applied, Canada will take into account the prices of like or directly competitive products imported from other countries.

Under the agreement either country may temporarily impose discriminatory import and exchange restrictions, if such restrictions are required on balance of payments grounds. However, such restrictions must not discriminate between Canada and other dollar countries or other countries with convertible currencies. The government of Japan has also undertaken, subject to certain agreed exceptions, to accord Canada unconditional non-discriminatory treament in relation to any other country with respect to import and exchange controls on the following nine commodities: wheat, barley, woodpulp, flaxseed, primary copper, lead in pigs, zinc spelter, synthetic resins and milk powder.

The agreement also provides for non-discrimination in state trading practices. Both countries undertake to conform to internationally accepted fair trade practices, particularly in matters pertaining to trade marks, marks of origin and rights under patents. They also undertake to co-operate in the prevention of any practices which might prejudicially affect their mutual trade and to accord sympathetic consideration to any representations that the other country may make.

The two countries have agreed that the provisions of this agreement continue to be applicable in the event that the general agreement on tariffs and trade is applied between Canada and Japan.

As I have indicated, this agreement will enter into force on its ratification by both countries. A resolution for approval of ratification will be introduced in the house as soon as possible.

Mr. Donald M. Fleming (Eglinton): Mr. Speaker, in view of the importance of this treaty may I ask the minister when copies of the agreement will be made available to members? Is it a document of such length that it could be printed as an appendix to today's proceedings or is it one that will be printed in the ordinary treaty series? If so, could we have some assurance that the printing will be expedited so there will be printed copies available as soon as possible?

Mr. Howe (Port Arthur): I shall inquire as to whether it can be printed as an appendix to *Votes and Proceedings*. If not, I will see that printed copies are available as soon as possible.

[Mr. Howe (Port Arthur).]

Mr. Fleming: Can the minister give the house any indication as to when it is proposed to submit the treaty to the house for ratification, in the light of its importance? I take it from what the minister has said that the treaty will not come into effect until ratified by parliament. Can the minister then indicate when it will be submitted to the house?

Mr. Howe (Port Arthur): Under the British system the agreement has been ratified by signature on behalf of the government of Canada. However, approval of the house will be sought on the action that the government has taken. The ratification referred to is ratification by the Diet in Japan.

Mr. H. R. Argue (Assiniboia): I take it from the minister's announcement that Japan agrees to buy minimum quantities of Canadian grain. If so, what are those quantities?

Mr. Howe (Port Arthur): Any reference to minimum quantities of grain is, Mr. Speaker, apart from the treaty itself.

Mr. Argue: Will there be an exchange of notes or other steps taken in regard to minimum purchases of grain?

Mr. Howe (Port Arthur): I have already said we have assurances that are satisfactory to the Canadian government as to the future quantities of grain to be purchased by Japan.

Mr. Fleming: In view of what the minister has said as to the treaty having come into effect now, I go back to the question I asked and which he has not yet answered as to how soon it is intended to submit the treaty to the house, along with the proposed resolution to which reference was made?

Mr. Howe (Port Arthur): I hope that the resolution can be put on *Votes and Proceedings* today, and as soon as the program of the house will permit I presume there will be a discussion here. That is for the house leader to determine.

THE ROYAL ASSENT

Mr. Speaker: I have the honour to inform the house that I have received the following communication:

Ottawa, March 30, 1954

Sir:

I have the honour to inform you that the Right Honourable Thibaudeau Rinfret, Chief Justice of Canada, acting as Deputy of His Excellency the Governor General, will proceed to the Senate chamber on Wednesday, the 31st March, at 5.45 p.m., for the purpose of giving the royal assent to certain bills.

I have the honour to be,
sir,
Your obedient servant,
J. F. Delaute,
Secretary to the Governor General
(Administrative)

ATOMIC ENERGY CONTROL ACT

AMENDMENTS CONSOLIDATING ACTIVITIES OF GOVERNMENT

Right Hon. C. D. Howe (Minister of Trade and Commerce) moved for leave to introduce Bill No. 393, to amend the Atomic Energy Control Act.

Mr. Green: Will the minister explain?

Mr. Howe (Port Arthur): This bill, Mr. Speaker, is primarily for the purpose of consolidating all the government's activities in the field of atomic energy into one organization. In that way our organization will parallel the atomic energy commission of the United States and the corporation that is responsible for atomic energy matters in the United Kingdom. There is to be some change in the relationship between the atomic energy control board and the corporations that carry out the actual operations of the board which I believe will be more easily explained when the bill is under discussion.

Motion agreed to and bill read the first time.

QUESTIONS

DREDGE "KING EDWARD"

Mr. Hahn:

1. Did the *King Edward* dredge do any work for the government on the Fraser river during 1953?
2. If so, is this dredge owned by the government?
3. Were supplies purchased in connection with its operations during 1953?
4. If so, (a) what type of supplies; (b) from whom were they purchased; (c) at what price?
5. Were tenders called for such supplies?
6. If this dredge is privately owned, what are the names of the owners?

Mr. Bourget:

1. Yes.
2. Yes.
3. Yes.
4.

(a) Type of supplies	(b) From whom purchased	(c) Price
Fuel oil	Standard Oil Co.	$28,155.63
Diesel oil	See answer to No. 5	246.27
Gasoline	" " " " "	17.92
Rope	" " " " "	2,023.32
Grease	" " " " "	255.44
Lubricating oil	" " " " "	1,230.48
Galley coal ..	" " " " "	1,411.00
Galley sundries	" " " " "	722.96

5. Tenders were called for the supply of fuel oil only; other items were obtained from sources adjacent to the position of the dredge when they were required.
6. Answered by No. 2.

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Questions

MARGARINE AND BUTTER—COMPARATIVE FOOD VALUE

Mr. Poulin:

1. Is the nutrition division of the Department of National Health and Welfare in a position to give a scientific opinion establishing a comparison between the food value of margarine and butter?
2. If so, what in their opinion is the comparative food value of these products?

Mr. Robertson:

1. Yes, on the analyses of any given specific samples.

2. Both butter and margarine are variable products, partly due to variations in the natural products used, and partly due to the process of manufacture.

UNEMPLOYMENT INSURANCE PAYMENTS

Mr. MacInnis:

1. How many persons were in receipt of unemployment insurance for the following months: (a) December, 1952; (b) December, 1953; (c) January, 1953; (d) January, 1954; (e) February, 1953; (f) February, 1954?
2. What amount of unemployment insurance benefits was paid out each month for the same periods?

Mr. Gregg: Estimated number of beneficiaries at the end of each of the following months (1) and amount of gross benefits paid in each of the following months (2):

	(1)	(2)
December, 1952 ..	164,159 ..	$10,926,557.00
December, 1953 ..	218,323 ..	16,882,107.00
January, 1953 ..	262,429 ..	18,434,646.00
January, 1954 ..	390,652 ..	25,149,945.00
February, 1953 ..	298,328 ..	20,596,120.00
February, 1954 —	Figures not yet available.	

It will be noted that the number of persons receiving unemployment insurance benefits at the end of January 1954 was higher than the estimated number of people "without jobs and seeking work" from the dominion bureau of statistics' labour force survey for a number of reasons.

This latter estimate, which is based on a sample survey of the population, includes only people who did not work at all during the survey week and who were reported during the household interviews as seeking work.

The number of people receiving unemployment insurance benefits, on the other hand, includes most of these people and besides many others who were on lay-offs, due to bad weather, shortage of materials, plant breakdowns, etc., with instructions to return to work, who were working on a short-time basis or who had lost or found a job during the week.

Questions

JOINT ECONOMIC COMMITTEE—DISPOSAL OF SURPLUSES

Mr. Diefenbaker:

1. What decision, if any, did the joint economic committee of Canada and the United States, at its meeting in Washington, arrive at in regard to disposal of surpluses of (a) wheat; (b) other agricultural products, in each of the said countries at cut rate prices or on give-away terms to needy countries or peoples?

2. How much wheat did Canada sell to (a) Italy; (b) India, in each of the years 1946 to 1953 inclusive?

Mr. Dickey:

1. The communique tabled in this house on Friday, March 19, as recorded on pages 3146 of *Hansard* described in detail the discussions which took place in Washington on the 16th of March.

2.

	ITALY			INDIA		
	Wheat	Flour * in wheat equiv. (bushels)	Total	Wheat	Flour * in wheat equiv. (bushels)	Total
1946-47	-	6,563,637	6,563,637	2,008,905	1,730,471	3,739,376
1947-48	11,904	1,828,598	1,840,502	-	3,508,889	3,508,889
1948-49	3,719,246	2,230,074	5,949,320	11,315,099	2,520	11,317,619
1949-50	617,775	71,703	689,478	-	239	239
1950-51	12,387,556	4,047,993	16,435,549	11,403,285	-	11,403,285
1951-52	10,961,011	2,572,511	13,533,522	18,141,164	90	18,141,254
1952-53	13,495,035	75,393	13,570,428	14,055,765	243	14,056,008

* Customs Returns

BASIS OF PAPER MONEY VALUE

Mr. Leboe:

On what value is our paper money presently based?

Mr. Benidickson: Bank of Canada notes are legal tender in fulfilment of any contracts made in terms of Canadian money. The Bank of Canada Act provides that these notes shall be redeemable in gold, in the form of bars. It also provides that the bank shall maintain a gold reserve equal to at least 25 per cent of its note and deposit liabilities and may in addition keep a reserve in certain kinds of foreign exchange. At present, the operation of these provisions is suspended, and Canada's official reserves of gold and foreign exchange are centralized in the exchange fund.

The total of Canada's official holdings of gold and United States dollars is published monthly, and at the end of February comprised $1,007·8 million of gold, and $845·7 million of United States dollars which are convertible into gold. Both the foregoing amounts are expressed in terms of United States dollars. At the end of February the Bank of Canada's note and deposit liabilities amounted to 1,506 and 837 million Canadian dollars respectively.

CANADIAN PENSION COMMISSION—OUTSIDE EMPLOYMENT OF MEMBERS

Mr. Dinsdale:

1. Are any members of the Canadian pension commission engaged in occupations outside their duties as members of the commission?

[Mr. Gregg.]

2. If so, what is the nature of and remuneration for such occupations, in the case of each commissioner involved?

3. How is participation in these outside occupations by members of the pension commission reconciled with the dictates of section 3 (12) of the Pension Act, chapter 207, R.S., 1952?

Mr. Bennett:

1. Yes. Dr. J. P. Laplante.

2. Adviser to the Ottawa General Hospital and in that capacity he has no executive responsibility. The commission has no record as to any remuneration.

3. Dr. Laplante's advisory services at the Ottawa General Hospital have not been held to be inconsistent with the performance of his duties as a commissioner, to which he gives full time.

VEGETABLE OILS AND VEGETABLE OIL PRODUCTS —IMPORTS 1952-53

Mr. Bryson:

1. How many pounds of vegetable oil seeds or vegetable oils imported into Canada in the year 1952-53 were used in the manufacture of margarine?

2. What other products were manufactured from vegetable oil seed or vegetable oils imported into Canada in the year 1952-53?

Mr. Dickey:

1 and 2. Information not available.

FARM LOAN BOARD—APPLICATIONS FROM NEW BRUNSWICK

Mr. Michaud:

1. How many applications were received by the farm loan board from the province of New Brunswick during the last calendar year?

2. How many such loans were granted in the province of New Brunswick during the said year?

Mr. Benidickson:

1. 235.

2. First mortgage loans disbursed—84; second mortgage loans disbursed—14.

TARIFF BOARD—REFERENCES MADE BY MINISTER OF FINANCE

Mr. Knowles:

1. How many references to the tariff board have been made by the Minister of Finance since January 1, 1952?
2. What tariff items were included in each such reference, and on what date was each such reference made?
3. What decision has been reached by the tariff board in respect of each such item?

Mr. Benidickson:

1. Four.

2. Reference No. 112: ethylene glycol and related products; August 29, 1952; tariff items 208h, 208t, 219e, 220a(i), 711, 791, 923.

Reference No. 113: clothespins of wood, or of wood and metal, and parts thereof; December 23, 1953; tariff item 506a.

Reference No. 114: ethylene glycol for use in the manufacture of anti-freezing compounds and ethylene glycol base anti-freeze; December 28, 1953; tariff items 208h, 220a(i), 711.

Reference No. 115: polyethylene resins and polyethylene films, sheets and tubing, etc., if necessary; February 5, 1953; tariff items 901(a)8, 902(e), 905(c)1, 905(c)2, 906(e).

3. Tariff board report on reference No. 112 was submitted to the Minister of Finance on May 1, 1953 and tabled in the House of Commons on November 25, 1953. The other references are under investigation.

QUESTIONS PASSED AS ORDERS FOR RETURNS

VEGETABLE OILS—SOURCES OF IMPORTS, ETC., 1952-1953

Mr. Bryson:

1. From what countries did Canada import vegetable oil seeds, or vegetable oils in the year 1952-53?
2. What kinds of vegetable oil seeds, or vegetable oils, and how many pounds of each kind were imported from each country?
3. What was the value of each kind of vegetable oil seed or vegetable oil imported from each country in 1952-53?
4. What was the tariff collected on each kind of vegetable oil seed or vegetable oil imported from each country?

Mr. Dickey: Return tabled.

NORTHWEST TERRITORIES—FEDERAL CONSTRUCTION AND MAINTENANCE

Mr. Hardie:

What has been the cost of construction and maintenance of buildings and equipment occupied and used as offices or residences in the Northwest Territories by the Department of Northern Affairs and National Resources for each year beginning April 1, 1945 to March 31, 1953?

GOVERNMENT OFFICIALS—LIVING ALLOWANCES, 1953

Mr. Diefenbaker:

How many government officials or employees, etc., in the year 1953, with salaries in excess of $4,000 per year, received living allowances or expenses in excess of $5,000 per year additional to such salaries?

Mr. Pickersgill: I have spoken to the hon. member, and I understand that what he meant by "government officials or employees, etc.," are regular servants of the government of Canada itself, not the people who are employed by crown agencies, but including employees outside Canada in embassies, trade commissions and so on. On that understanding, and if he would agree to have the year made the fiscal year rather than the calendar year, it would facilitate the answering of the question, and I would ask that it be made an order for return.

Mr. Speaker: Then the question as modified is made an order for return.

MOTIONS FOR PAPERS

CUSTOMS CHECK BRANCH—LETTER DIRECTING HIGHER RATE

Mr. Knowles:

For a copy of a typical letter (or typical letters, if there are any significant variations in different letters written on the subject), dated at any time since January 1, 1952, written by the customs check branch of the customs and excise division of the Department of National Revenue, to collectors of customs at customs ports, advising that a higher rate of duty, sales tax or excise tax is required, without necessarily giving the name of any firm involved in such correspondence.

CUSTOMS CHECK BRANCH—LETTER DIRECTING LOWER RATE OR EXEMPTION

Mr. Knowles:

For a copy of a typical letter (or typical letters, if there are any significant variations in different letters written on the subject), dated at any time since January 1, 1952, written by the customs check branch of the customs and excise division of the Department of National Revenue, to collectors of customs at customs ports, advising that a lower rate of duty or the exemption from sales tax or excise tax is applicable, without necessarily giving the name of any firm involved in such correspondence.

SECURITY

LOYALTY SCREENINGS—GOVERNMENT EMPLOYEES

On the orders of the day:

Right Hon. L. S. St. Laurent (Prime Minister): Mr. Speaker, when I answered orally a question on Monday asked by the

hon. member for Kamloops (Mr. Fulton) he called my attention to the fact that in 1950 in two cases some information that would be of the kind referred to in question 49 was given, and he asked if there had been any change in policy.

There has been no change in policy. I promised to look into the matter. I have done so, and I find that there were two exceptions to the application of the general rule in 1950 for reasons or under circumstances which were quite fully disclosed to the house at that time, but the validity of these, as reasons for a distinction, the hon. member might wish to discuss. It would take some time to restate them now. Perhaps it would be more convenient if they were restated and could be discussed on the estimates of the department concerned.

TRADE

SUPREME POWER SUPPLIES LIMITED—EXPORT PERMITS

On the orders of the day:

Mr. Rodney Adamson (York West): I should like to ask a question of the Minister of Trade and Commerce. The hon. member was out aeroplaning so I have not been able to get in touch with him. Has the company known as Supreme Power Supplies Limited, of Mimico, been refused an export permit for Canadian transformers or other goods for shipment to South America or any other country? If so, what are the reasons for such refusal? The minister may take this as a notice.

Right Hon. C. D. Howe (Minister of Trade and Commerce): I will take that question as notice.

ATOMIC ENERGY

REQUEST FOR REPORT TO COMMITTEE ON EXTERNAL AFFAIRS

On the orders of the day:

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, I should like to ask a question of the Secretary of State for External Affairs. In view of the reports coming over the wires in the last hour or so concerning the statement made by Lewis L. Strauss, chairman of the atomic energy commission in the United States at President Eisenhower's press conference today with respect to the recent hydrogen bomb explosions, could arrangements be made for a similar Canadian official to make a full report on these matters at a meeting of the external affairs committee?

[Mr. St. Laurent.]

Hon. L. B. Pearson (Secretary of State for External Affairs): It would not be possible for any Canadian official to make the same kind of report as that attributed to Admiral Strauss, for obvious reasons. But this matter can be discussed in its international aspects before the committee on external affairs—if and when we have that committee set up.

CANADIAN NATIONAL EXHIBITION

POSSIBILITY OF DUCHESS OF KENT ATTENDING OPENING CEREMONIES

On the orders of the day:

Mr. George H. Hees (Broadview): Mr. Speaker, I should like to ask a question of the Secretary of State. Has the minister heard the rumour that the Duchess of Kent will open the Canadian National Exhibition next summer? If so, is there any substance in that rumour?

Hon. J. W. Pickersgill (Secretary of State): The Secretary of State has heard no rumours to this effect.

[*Later:*]

Mr. Hees: I should like to direct a question to the Secretary of State. Has he received any word whatsoever from the United Kingdom regarding the possibility of the Duchess of Kent opening the Canadian National Exhibition?

Mr. Pickersgill: When there are any announcements to be made about visits of members of the royal family they will be made in the usual way, and not be made in answer to questions on the orders of the day.

Some hon. Members: Oh, oh.

Mr. Diefenbaker: The old steamroller on information.

ARMED FORCES

PRECAUTIONS TO PREVENT ENLISTMENT OF MENTAL DEFECTIVES

On the orders of the day:

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, I should like to ask a question of the Minister of National Defence. I must apologize for having given him such short notice. In view of the recent conviction of a Canadian soldier reported to have the mental age of ten, can the minister tell the house whether the Department of National Defence takes any precautions to prevent mental defectives from enlisting in the services? Is there not something better that Canada can do for these unfortunate people?

Hon. R. O. Campney (Associate Minister of National Defence): Mr. Speaker, the Minister of National Defence (Mr. Claxton) having just returned after several days absence, and as I received notice of the hon. member's question just before entering the house, perhaps I might be permitted to deal with it.

I would say in the first place that each of the services has established through a set of mental and physical tests a general system of examination of recruits to give effect to a policy of enrolling the right type of service personnel. Whatever those standards may be, I can assure my hon. friend that they are such that those who pass them must be far beyond the mental age of ten. The tests are carefully worked out and have resulted extremely well in most cases. Of course there will always be borderline cases wherever the line is drawn. Some borderline cases turn out very well, and some not so well. This is one of the unfortunate ones.

I would like to add that I believe the average type of Canadian citizen enrolled in the services, whether he has served in Korea, in Europe or here in Canada, has achieved excellent results and has given an excellent account of himself.

As to the second question, my reply would be that I think most hon. members and the public generally agree that the standard of assistance accorded to our unfortunate citizens here in Canada is probably higher than in any other country of the world.

TRADE

POSSIBILITY OF INCREASING LIMIT ON DUTY-FREE PURCHASES

On the orders of the day:

Mr. H. R. Argue (Assiniboia): Mr. Speaker, I should like to ask a question of the Minister of Finance arising out of a news report of this morning. In view of the proposal by President Eisenhower that duty-free tourist purchases in Canada be increased from $500 to $1,000, is the Canadian government prepared to increase the value of duty-free goods that Canadians can purchase in the United States?

Hon. Douglas Abbott (Minister of Finance): I am afraid my hon. friend will have to restrain his curiosity until next Tuesday night.

FISHERIES

DISCUSSION OF EXPORT AND MARKETING PROBLEMS

On the orders of the day:

Mr. Thomas M. Bell (Saint John-Albert): I should like to ask a question of the Minister of Trade and Commerce. Would he care to make a statement as to the purpose of the convening here in Ottawa tomorrow of officials representing the fisheries of Newfoundland, New Brunswick, Nova Scotia and Quebec, as well as fish exported from Newfoundland.

Right Hon. C. D. Howe (Minister of Trade and Commerce): Mr. Speaker, there were other applications by representatives of the fisheries for a meeting with the Minister of Fisheries (Mr. Sinclair). My own meeting is concerned with an organization in Newfoundland known as NAFEL. That is the organization which has charge of the exporting of Newfoundland salt cod to foreign countries. We are going into a discussion of marketing problems for the next twelve months, and the meeting tomorrow is for that purpose.

Mr. Bell: May I ask a supplementary question? Will there be any fisheries officials from any of the other provinces, besides NAFEL?

Mr. Howe (Port Arthur): So far as I know, no other officials have been invited. If they are here they will perhaps be admitted. But invitations went to NAFEL only.

[*Later:*]

DIVISION OF PINK SALMON RUN—ANNOUNCEMENT BY MINISTER

On the orders of the day:

Mr. G. R. Pearkes (Esquimalt-Saanich): May I ask the Minister of Fisheries if he would inform the house as to the progress that is being made in connection with the international proposed division of the pink salmon run, concerning which he made an announcement in Vancouver last week.

Hon. James Sinclair (Minister of Fisheries): No progress has been made. We have made inquiries and had discussions with the United States but as yet there has been no definite progress in setting up a commission similar, for example, to the international sockeye salmon commission.

WHEAT

GRADES REQUIRED TO FILL PRESENT DEMANDS

On the orders of the day:

Mr. E. G. McCullough (Moose Mountain): Mr. Speaker, I should like to ask a question of the Minister of Trade and Commerce. In view of the minister's statement yesterday with respect to the disposal of western wheat, wherein he stated that the wheat board is at present going to call for No. 2 wheat, would he inform the house what grade or grades of

wheat are needed by the wheat board to fill present sales demands, and what percentage or quantity, and how substantial is this demand?

Right Hon. C. D. Howe (Minister of Trade and Commerce): Mr. Speaker, the requirements at the seaports vary from week to week and from month to month, depending upon the nature of the sales. Last fall there was a shortage of Durum wheat at the seaports, and also a considerable shortage of oats at the lakehead. I know we are always being asked for offerings of Durum wheat, and No. 3 northern has been popular. But those are matters entirely in the hands of the wheat board. Bulletins are put out to country elevators giving certain shipping instructions for particular grains and grades of grain.

[*Later:*]

INQUIRY AS TO INTERIM PAYMENT

On the orders of the day:

Mr. E. G. McCullough (Moose Mountain): I should like to direct a question to the Minister of Trade and Commerce in reference to the interim payment of approximately $60 million which is now being paid by the Canadian wheat board to producers. Can the minister state what will be the approximate payment to individual farmers?

Right Hon. C. D. Howe (Minister of Trade and Commerce): It depends a good deal on whether we are talking about a large or a small farm; but if the farmer would multiply the number of bushels of wheat that he delivered last year by 11 cents he would approximate very closely what is coming to him.

GRAIN

DISPOSAL OF WESTERN SURPLUS

On the orders of the day:

Right Hon. C. D. Howe (Minister of Trade and Commerce): Yesterday at this time, in answer to a question by the hon. member for Prince Albert (Mr. Diefenbaker), I made a statement with respect to the marketing of grain in western Canada. Arising from my statement, certain questions were asked by hon. members and I undertook to provide further information.

The hon. member for Calgary North (Mr. Harkness) asked for the breakdown of the 410 million bushels which I stated had been marketed by producers from August 1, 1953, to date. The breakdown is as follows: wheat, 265 million bushels; oats, 65 million bushels; barley, 66·5 million bushels; rye, 6·8 million bushels; flaxseed, 6·7 million bushels, making a total of 410 million bushels.

The hon. member for Prince Albert asked for an estimate of the number of bushels of grain which will be in farmers' hands when harvesting of the 1954 crop commences. Questionnaires completed for the wheat board by elevator agents and others indicated that there would be some 900 million bushels of deliverable grain this year, including 209 million bushels that were in farmers' hands in western Canada on August 1 last. If the total marketing figure during the present crop year of 600 million bushels is achieved—that is the figure I used in my statement yesterday—there will be approximately 300 million bushels in farmers' hands on the prairies on August 1 of this year. This will compare, as I have said, with 209 million bushels last year at the same time and represents, I think, a good performance, considering the obvious accumulative effect of three successive bumper crops.

(Translation):

ST. JOHNS ROYAL MILITARY COLLEGE

QUESTION AS TO STAFF

On the orders of the day:

Mr. J. W. Dufresne (Quebec West): Mr. Speaker, I would like to put a question to the Minister of National Defence (Mr. Claxton). It is supplementary to the other questions I have asked him regarding St. Johns Military College.

I have already asked the minister if the five professors hired for St. Johns Military College were bilingual. The minister first replied that there was no truth in my assertion.

An hon. Member: Your forty minutes are up.

Mr. Dufresne: Later, I placed two other questions on the order paper in connection with the same matter and the minister replied that they spoke only one language. Therefore, this afternoon, I would like to know which of the two answers I should accept.

Mr. Speaker: Let me say to the hon. member that the next time he asks questions on the orders of the day, he might perhaps dispense with summing up the questions he has already asked. I would like the hon. member to co-operate in this respect.

Mr. Dufresne: Mr. Speaker, I am surely not objecting, but I thought it necessary to give a brief summary in order to get a definite answer to the question I asked this afternoon.

Mr. Speaker: Is the hon. minister going to reply?

Hon. Brooke Claxton (Minister of National Defence): Mr. Speaker, we have already given a correct and full answer to the question asked by the hon. member for Quebec West (Mr. Dufresne). However, I might add that it is not always possible to say whether a man is bilingual or not; he may be more or less. All five may speak French, but they do not teach in French, just as the ten French-speaking professors do not teach in English.

Mr. Dufresne: I would like to ask a supplementary question of the minister. He said that it is not possible to ascertain whether a person is bilingual or not. May I ask the hon. minister to tell me what was written in the application forms sent by these five professors to the Department of National Defence? Did they state that they were bilingual?

Mr. Speaker: Order! I think that the hon. member could carry on his investigation by placing his questions on the order paper.

(Text):

COLUMBIA RIVER

INQUIRY AS TO CONSTRUCTION OF DAM AT MICA CREEK

On the orders of the day:

Hon. L. B. Pearson (Secretary of State for External Affairs): Yesterday the hon. member for Kamloops (Mr. Fulton) asked me a question whether the international joint commission had made any decision or recommendation concerning the Mica creek dam project in British Columbia. The reply is that no report has yet been made by the international joint commission and, in fact, the commission's engineering board has not yet completed its study of the Columbia river basin. Such a study may not be completed for another few years. Included in the studies made, as part of the reference on the Columbia river basin made to the international joint commission in 1944 by the United States and Canadian governments, is the proposed development of Mica creek dam.

Inquiries of the Ministry

NATIONAL DEFENCE

ACQUISITION OF ADDITIONAL LAND IN NEW BRUNSWICK

On the orders of the day:

Mr. A. J. Brooks (Royal): Can the Minister of National Defence give me a definite answer to a question I asked yesterday, which was dealt with by the associate minister?

Hon. R. O. Campney (Associate Minister of National Defence): I have been endeavouring to rise to tell the hon. member for Royal that the tentative reply I made yesterday I have confirmed, namely, that there is no intention on the part of the Department of National Defence to acquire additional land east of Gagetown across the Saint John river.

COMBINES INVESTIGATION ACT

REQUEST FOR INVESTIGATION OF SERVICE CHARGE BY BANKS

On the orders of the day:

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, may I direct a question to the Minister of Justice. Has the minister asked the appropriate officials of the combines investigation branch to look into the concerted action of the chartered banks in increasing their service charge on cheques to 10 cents, to determine whether such action, under which all banks have arrived at the same figure, is contrary to the provisions of the Combines Investigation Act?

Hon. Stuart S. Garson (Minister of Justice): I wish to thank my hon. friend for having given me notice of his question, which reached me only after a late lunch, just before I came into the house. The answer to my hon. friend's question is no, for the reason that the director, where he thinks consideration or action is warranted, is accustomed to proceed without specific direction by the minister.

GRAIN

REFERENCE TO REMARKS OF MINISTER OF AGRICULTURE OVER C.B.C.

On the orders of the day:

Mr. E. G. McCullough (Moose Mountain): I should like to direct a question to the Minister of Agriculture. My question arises out of a report in today's *Gazette* regarding a speech which the minister made in the program "The Nation's Business" carried by the Canadian Broadcasting Corporation. It quotes him as having said—

Some hon. Members: Question.

Mr. McCullough (Moose Mountain): —if the farmers want cash—

Mr. Speaker: Order. Will the hon. member put his question without quoting the minister?

Mr. McCullough (Moose Mountain): Is it the policy of the government, as announced by the minister, to recommend, if the western farmers want cash, that they feed their surplus grain to livestock? If so, does he not feel that it might undermine the price structure of the livestock industry in Canada?

Right Hon. J. G. Gardiner (Minister of Agriculture): In order to inform my hon. friend just exactly what I did say I shall send him a copy of the speech.

EXTERNAL AFFAIRS

REFERENCE OF ESTIMATES OF DEPARTMENT TO STANDING COMMITTEE

The house resumed, from Tuesday, March 30, consideration of the motion of Mr. Pearson:

That items Nos. 84 to 103 inclusive, of the main estimates, 1954-55, be withdrawn from the committee of supply and referred to the standing committee on external affairs, saving always the powers of the committee of supply in relation to the voting of public moneys.

Mr. Harold E. Winch (Vancouver East): Mr. Speaker, in rising to take part in the debate which is now before this house, it is not my intention to be unduly repetitious nor to speak upon any of the subjects which have been discussed here during these past few days. It has been a lengthy debate but, in my opinion, it has been a most useful and worth-while one. We have heard discussion and statements from the government and from members of the opposition on such matters as the Berlin conference, the projected Geneva conference, and arms to Pakistan; arguments for and against the recognition of Red China; and academic discussions on communism and anti-communism. All of these things are of the utmost importance and the discussion was worth while. However, Mr. Speaker, it is not my intention to speak at all on all of those matters, important as they are. I do not profess to be an expert on foreign affairs and so I shall leave all those discussions to those who are experts or who profess to be. There is, however, one phase that comes under this debate upon which I feel impelled to speak. In doing so, I admit I am not doing it because I am a scientist; I am not. I am doing it because of the crucial and critical matters that have been drawn to the attention of the peoples of the world, in particular in the last few weeks. I refer to the matter of the hydrogen bomb.

It has been intimated clearly upon more than one occasion by the Secretary of State for External Affairs (Mr. Pearson) that he intends to speak and that he looks forward with anticipation to the remarks which he will make at the close of this debate. I fully realize that he will undoubtedly be commenting upon many of the things that have been said by the various speakers during the past few days and will undoubtedly be answering a number of the questions that have been hurled at him. But my purpose in rising at this time is to tell the Secretary of State for External Affairs that I think he would be seriously derelict in his duty or in his responsibility if he were not able, when he speaks, to take the House of Commons and the people of Canada into his confidence and give all the information possible as to the situation with regard to the hydrogen bomb; the policies as far as he knows them that are now in existence involving the experimentation in the use of that bomb; and, of more importance, the proposals which the minister may have or, I think I will say, should have as to the stand which Canada should take in this critical period of our history.

There are undoubtedly millions of people in this world who believe in the statement that a deity created the world in six days and rested on the seventh. There are undoubtedly many more millions who do not take that view but who accept the view of scientists that through the process of evolution over millions of years the world as we know it came to its present form. I am not going into any academic discussion of how the world came into being. But the fact is this. Over untold millions of years there has been in existence this world, but we are now in the position, in the year 1954, where all the evidence makes it completely conclusive that, unless there is some sanity in the parliaments of the world and unless we arrive at sanity between the nations of the world, man in his stupidity can in the matter of minutes or hours definitely destroy mankind and perhaps the world itself.

Admittedly we are a small nation but we are an important one. In my humble opinion this house could do well by spending a little bit more time to see whether it would not be possible for us to arrive at policies and conclusions whereby the Secretary of State for External Affairs or perhaps the Prime Minister (Mr. St. Laurent) could give a militant, sane and dynamic lead to the other leaders throughout the world as to what should be done in view of the situation as it is understood by the people since the explosion of the first hydrogen bomb on March 1. It is no exaggeration to state that if we have such people who can release the

spark, another war might start. It was only the spark of the shooting of one man of royalty that, officially at least, started the first world war. It was the lunacy of one man in Germany, with his dreams of power, that caused the actions that set off the spark which started the second world war. Who knows what may start the third? If it does start, the evidence is conclusive that it means the end of mankind.

We have the remarks made by the Secretary of State for External Affairs before the Ottawa Catholic youth organization, as reported in the press only a few days ago:

> If the nations of the world engage in a third world war, civilization would be destroyed, . . .

That is our own Secretary of State for External Affairs. In this morning's *Globe and Mail* we find a statement attributed to one who should know. I refer to Defence Secretary Charles E. Wilson of the United States. Here is what he has to say, as reported in the paper:

> Defence Secretary Charles E. Wilson said today the unbelievable power unleashed in test H-bomb explosions this month dwarfed the atomic bomb just as the A-bomb dwarfed TNT bombs of the second world war.

Mr. Holifield, a member of the United States congress and a member of the congressional atomic energy committee, who saw the March 1 explosion, has this to say, as reported in the same paper:

> Holifield, who saw the effects of the titanic March 1 hydrogen explosion, told the house, however, that "civil defence against atomic-hydrogen attack is a delusion . . . mass extermination of millions in any or all nations can occur during a week end."

And further:

> Holifield said complete military defence against supersonic planes or missiles with atomic-hydrogen warheads is impossible and non-existent.

Mr. Wilson said further:

> Wilson was asked at a news conference whether the U.S. intends to use the H-bomb if it is involved in another war. He replied: "Don't you think it would be foolish to spend billions unless you are prepared to use them under some circumstances?"

I think you will understand, Mr. Speaker, the reason why I feel so intensely about this matter. Here we have statements by leaders of the North American continent, including our own Secretary of State for External Affairs, the defence secretary of the United States and a member of the congress of the United States who saw that explosion on March 1. They all agreed that the result of the destructive power of the hydrogen bomb means the end of mankind, and they also stated that there is no military or civil defence whatsoever against the power of the hydrogen bomb.

That is why I suggest that this matter should be discussed and a lead given to us and, I hope, to the world, by the Secretary of State for External Affairs (Mr. Pearson). This was brought very forcibly to my attention in an excellent editorial which appeared in the Vancouver *Daily Sun* on March 27. With your permission, sir, I would like to quote part of that editorial. It states:

> Churchill contemplating the effects of H-bombing nearly weeps in public. Eisenhower, stupefied by news of the scientists' surprise, implies he is stunned by bombing possibilities. All common men everywhere, probably even in Russia, are aghast and voice their dread. Yet no move is made to deal with the H-bomb threat. We believe common men hold their safety and desire to live at peace in their own hands. We believe they can make themselves heard through their governments and elected representatives. Convinced that now is the time for positive action, we suggest the cabinet at Ottawa, through Prime Minister St. Laurent, call for a world conference using the machinery of the United Nations headquarters at New York.
>
> We suggest that he lose no time in asking for this conference. In many countries Canada has ambassadors. Let them pass on the call.
>
> The conference should be summoned in a spirit of absolute objectivity. There must be no ideological fences erected. It must be bombs and nothing but the bombs.
>
> The time for form and ceremony is past and the hour demands immediate action by some one man who does not fear to risk position, or the condescending smiles of statesmen higher in the councils of the world.

I believe that is an excellent editorial, Mr. Speaker. I think it is a call to members of this house to do a little soul searching and see if we cannot adopt a responsible attitude at this session, in this house, at this time and get away from an academic discussion of communism, anti-communism, the recognition of China, or what happened at the Berlin conference, and lay down a program in clear terms calling now for the rule of sanity among the leaders of the nations of this world. The only place I know where such can be directed is through the medium of the United Nations.

A few years ago we might have called that epoch the age of TNT. That gave way to the age of the atom, but already the atom has given way to the hydrogen bomb. I have been trying to find out something about the atomic and hydrogen bomb and I came across what I believe is a magnificent book which can be understood by laymen. It is entitled, "Scientific American Reader". Upon reading that book I learned that there are two differences between the atomic bomb and the hydrogen bomb. The atomic bomb and indeed the entire atomic energy enterprise rests ultimately on the basic reaction following the splitting of uranium 235. On the other hand, the hydrogen bomb is not based on fission, it is based on fusion. There is

another major difference. Atomic energy can be used not only for destruction but also for construction and for power. If this scientific journal is correct, the hydrogen bomb can never be used, or at least cannot now be used, for constructive purposes. It can only be used in the sense of destruction. I would like to quote one paragraph from an article in this book written by that great North American physicist Louis N. Ridenour. This is what he says:

> . . . while fission can be controlled in an orderly way to produce useful power in a reactor, the fusion reaction offers no prospect at the present time of any use except in terms of an explosion. We cannot find in the development of the fusion bomb any such peacetime values as are inherent in the development of nuclear fission. Except where the uses of peace demand the detonation of an explosive equivalent to, say, a million tons of TNT, there is no use for a fusion reaction. Thus when we discuss the "hydrogen bomb" we are clearly speaking of a weapon, and a weapon only.

Now, Mr. Speaker, that leads me to what I may call a more practical point. Can we have some understanding as to what is taking place in the Pacific? May I say that I am not directing any criticism against the United States alone, but I believe we have got to direct our thinking toward the United States and the U.S.S.R., both of whom have experimented in exploding a hydrogen bomb.

I was amazed to read in today's issue of the New York *Times* that it is only in the last six months that the United States has caught up with the technology of the U.S.S.R. in the explosion of the hydrogen bomb. This is not a matter which concerns the U.S.S.R. and the United States only. It is a matter which concerns the world. It definitely concerns us in the Dominion of Canada, particularly as far as the explosions in the Pacific are concerned.

I would like to know by what authority and by what power the United States obtains rule over a part of the Pacific ocean in regard to current hydrogen experiments which may affect the people of the Dominion of Canada. President Eisenhower himself admitted that the scientists have been amazed. They have moved into the realm of the unknown, a realm in which I believe they have no business. Indeed, they are entering into the realm of the supernatural. They were amazed by the explosion on March 1, and they have already stated that for the explosion scheduled for April they will extend the official danger area by 20 times, and it is only recently that some of the things which have occurred have come to light.

If we can accept the press reports, what do we find? We find that there was radioactive ash over 71 miles from the point of the explosion, and there are a number of Japanese sailors who are living proof of that. We also find that the explosion was such that United States marines 225 miles away saw the explosion. When you consider the perimeter of the earth it will be evident that, to see an explosion 225 miles away, the effects of that explosion would have to go far up into the heavens. We also learned that when United States scientists made certain tests they found the ocean was radioactive 800 miles away from the point of the explosion.

That was their smallest bomb. Now, Mr. Speaker, where can this lead to and why am I as a Canadian so interested? I am interested not only from the viewpoint of preventing war and saving mankind and civilization, but also from the viewpoint of the people of Canada. Already we have heard several hon. members ask questions in this house about the radioactive snow in Saskatchewan and in Winnipeg, Manitoba. We have heard it said: Yes, it was radioactive but not dangerous. It may not have been dangerous with that first explosion but there it is over 5,000 miles from the point of explosion. How do we know that it will not be dangerous to the people of this country and other countries when the larger bomb goes off? We have also got to recognize that so far as the United States is concerned these explosions take place in the Pacific ocean. I have actually met people who have the fallacious view that is the place to explode such bombs because there the danger disseminates. It diffuses, and within miles it is gone. Oceanography proves that is a fallacy. It is not like throwing a pebble into a little pool where the concentric circles gradually diminish and disappear.

Oceanography proves that the ocean is different because as you have highways across Canada, as you have channels of air in the atmosphere above us, so you have currents and actual rivers in the ocean cutting through narrow sections of the entire ocean. Sometimes they are only a few miles wide and sometimes several hundred miles wide, but whether in the upper level of the ocean or in what has been referred to as the sunless sea, the bottom section of the ocean, there are these channels of currents and rivers. Some of these channels and currents that start in the mid-Pacific thousands of miles from the Canadian coast reach the shore of the province of British Columbia. It is already admitted that the ocean was found to be radioactive 800 miles from the small explosion. What will happen with the larger explosion when we have these currents that touch the Canadian coast?

You may say that some of these things are problematical. I admit that they are, but in view of what we have read and heard in the past few weeks there are mighty serious questions that should be asked and not only asked but answered. The minister should tell us as far as he can about what information he has gained from consultation with the United States and also through the United Nations with respect to the position of the U.S.S.R. I say that it is a heinous thing that the world's two most powerful nations, the U.S.S.R. and the United States, should take into their own hands the power of a physical god on earth by their experimentation with and probable use of the hydrogen bomb.

I speak as an individual. We are only a small nation but we should make our voice heard. With the stature and status that Canada has it can give a lead. At least the words of the minister would be noted in the press and in the consultative bodies of the world if he would come out with a definite statement and challenge at this time in the rostrum of 15 million people, the House of Commons of Canada.

That is the practical side of the question. There is also the moral aspect, and I should like to read certain remarks of the physicist I quoted a few moments ago beause they put the situation in far better words than I could choose. I think they drive home the point exceptionally well. He said:

> I believe the most important question is the moral one: can we who have always insisted on morality and human decency between nations as well as inside our own country, introduce this weapon of total annihilation into the world? . . . What would an all-out war fought with hydrogen bombs mean? It would mean the obliteration of all large cities and probably of many smaller ones, and the killing of most of their inhabitants. After such a war, nothing that resembled present civilization would remain. The fight for mere survival would dominate everything. The destruction of the cities might set technology back a hundred years or more. In a generation even the knowledge of technology and science might disappear, because there would be no opportunity to practise them. Indeed it is likely that technology and science, having brought such utter misery upon man, would be suspected as works of the devil, and that a new dark age would begin on earth.

I think these words are true. I think they point up in concise form the statements that have been made by the Secretary of State for External Affairs (Mr. Pearson) when he says that a third world war will mean the destruction of civilization. Statements have been made throughout the world that another war will mean the end of mankind. The secretary of war of the United States has stated that they are not producing these bombs for fun, that they hope they will be a deterrent but that if a spark starts a war then under certain circumstances this weapon will be used which it is admitted will destroy mankind and the nations of the world.

Surely, Mr. Speaker, it is time for a little common-sense thinking. I ask, and as a matter of fact I go further and plead with the minister, who, I know, has a great sense of responsibility and a great sense of justice, to take under advisement the giving of a lead at this time to the world, the issuing of a challenge to his colleagues in the United Nations to get down to the matter and discuss nothing else but bombs.

Mr. McIvor: Mr. Speaker—

Mr. Winch: I am almost finished. We should realize our position in Canada, faced as we are by this unknown power with its radiation that can be carried by the currents of the sea and the air. We should realize the dangers with which we may be faced as the result of the action of another country in doing something that may be 4,000 or 5,000 miles from our shores. I do not want to reiterate. I am certain that the minister and other hon. members know what I have in mind. I feel very intensely about the matter and I look forward to the minister not only answering questions about the Berlin conference, the Geneva conference and the recognition of China but also with respect to what to my mind is paramount today, the question of the position of Canada with regard to the hydrogen bomb and what we can do about it.

Mr. McIvor: I was going to ask the hon. member a question. Does he not think that the President of the United States was following a plan of peace in his famous speech when he suggested to the world that the bomb should be outlawed? What was the reaction of Russia? When Russia did not co-operate should the United States have ceased its work and investigation? That is a very serious question. While Russia goes ahead should the United States stop and not continue its investigation?

Mr. Winch: I would not want anything I have said to be muddied by any implications. When I spoke I made it clear that I was referring to the countries that are experimenting with and using the hydrogen bomb, the United States and the U.S.S.R. It is wonderful to say: Let us abandon the bomb; let us outlaw it because we now see what its power is. But we should do more than talk; we should now go ahead and do it. I suggest that Canada can give a lead to the United Nations.

Mr. McIvor: What more would you want the President of the United States to do than to ask the world to outlaw the bomb?

Mr. Roland Michener (St. Paul's): Mr. Speaker, having returned only yesterday from Pakistan and India I have not had the privilege of hearing this debate but I have heard enough to realize that further contributions may not be gratefully received. Nevertheless, I feel that this may be the only opportunity I shall have to make a very brief report on a conference which I think has some bearing on the subject matter of this debate. My journey took the same route as that of the Prime Minister (Mr. St. Laurent), not by design, as was suggested by some, but because my purpose was to attend a conference in Lahore and it happened to take place shortly after his visit there.

I should like, first of all, to bear witness to the impression I got of his visit three weeks after he had been there, and while, in both Pakistan and India, the memory was fresh. The greatest respect was paid to our Prime Minister, and the relationships between those two countries and Canada were undoubtedly improved by that very gracious visit.

May I make another acknowledgment which my friend the minister may appreciate, namely that I and others who were on this mission received the greatest co-operation and assistance from our Canadian representatives in the cities where we needed their help. This began in London and was continued in New Delhi, the capital of India, and Karachi, the capital of Pakistan, where we were cordially aided and assisted in our unofficial purposes.

The conference, Mr. Speaker, was an entirely unofficial conference. It was a conference amongst the members of the commonwealth, a discussion meeting for the purpose of exchanging ideas and understanding each other's point of view, thus improving relationships. All members of the commonwealth were represented, that is the five older members of the commonwealth, of British origin, the United Kingdom, Canada, Australia, South Africa, New Zealand, and in addition the three new Asiatic members of the commonwealth. I take the opportunity of saying a word today just to explain my impression of the viewpoint of those three associates of ours in the commonwealth who are Asiatic countries.

The conference was held at Lahore, which is the capital city of Punjab, one of the provinces which constitute Pakistan. Pakistan, India and Ceylon are the three Asiatic members of the commonwealth. I think it was fortunate that the Institute of International Affairs, which sponsors these conferences every five years, chose Pakistan as the scene of this conference. The conference brought together a very strong representative delegation from each of the countries of the commonwealth. The United Kingdom delegation, by way of illustration, had four members of the House of Commons, three of whom were former ministers, including a former chancellor of the exchequer, as well as a former marshal of the air force as a military adviser. Then, there were a number of academic people who make international studies their particular interest. Attached to them were members of three dependencies, two very fine citizens from the new federation of Rhodesia and Nyasaland, now approaching the point where they may become full members of the commonwealth.

There was an African lawyer of great ability from the West Indies who gave an excellent account of himself and of the experiment in self-government in the British West Indies, a very encouraging thing. Then, there was a minister from the Federation of Malaya, which is under a tutelage system, looking towards full self-government. From Canada we had a delegation of eight; from South Africa there were five or six representing different viewpoints; and there were delegates from Australia, New Zealand and so on. Pakistan was represented by a strong group of thirteen, two university presidents, and the Speaker of the Punjab legislature was chairman of their delegation. I believe he attended here the year before last when the commonwealth parliamentary association met in Ottawa. India had a large delegation.

Our discussions in that ancient city of Lahore, which was the capital of the Mogul empire at one time and later the scene of British administration of that great province, occupied twelve days. We ranged from the strategical and political relationship of the members of the commonwealth through racial and other matters which were of common interest. When I say that Canada was held in high esteem, I believe one reason is that we have never in our history been subjected to the charge of colonialism or imperialism and we have never had any serious race problems. These two elements of human relationships are always present in the minds of eastern people, and one has to think of them throughout any discussion of commonwealth relations. Canada is free from any difficulty on that score.

My impression of our Asiatic friends in the commonwealth was that their first interest, as countries having recently achieved their independence, was the economic development

of their own country. They appreciate their underdeveloped state. They appreciate that they lag behind other countries of the commonwealth, and their main concern is for an era of peace in which they can bring about the developments which will raise the standard of living in their own country.

The second feature that colours all their thinking is that common Asiatic view that the European has no right or place in dominating the people of Asia. I found, to my surprise, that concern of the Asiatic peoples even affected their view towards NATO. We regard NATO as an alliance for defensive purposes only and related to defence in western Europe, but they were so concerned about the presence in any Asiatic country of western Europeans that the presence of France in Indo-China was of more concern to them than the threat of communism. They felt that in some way NATO might be assisting France to maintain and carry on that conflict in Indo-China, which to them was very largely an imperialist struggle between a nationalist movement on the one hand and a western dominating power on the other.

I feel that our discussions did something to offset that view of the western defensive arrangement and the alliances involved. I have raised the question here because in any of our external relationships which involve commonwealth countries it is necessary to bear in mind that the Asiatic members of our group do feel more strongly about the subjugation of people in Asia, a subjugation which they have recently broken, than they do about the threat of communism. It will be a matter of education over a period of time to change that viewpoint, and it varies, of course, amongst the three countries concerned.

I found that Pakistan was very cordially concerned with the problems of the West, much more interested than India whose delegation reiterated the neutrality policies of Mr. Nehru and, with difficulty, would concede that they were in any need of following any other course. Now, that was the main impression of the conference that I wanted to mention. I mention this view of our Asiatic friends because I feel that their importance in the world today is such that it is to our interest, not only because they are members of the commonwealth but in the broader view of understanding of what moves them in this field of external affairs.

India, as you know, is a country of 340 million people. I suppose that is the greatest part of the population of the commonwealth. From this distance we may regard Pakistan as a small country, but with 30 million people in its western part and 43 million in the eastern half, a total of 73 million, it places seventh among the nations of the world. They claim to be fifth, but I think Indonesia and Germany have to be counted in there. Ceylon is not an inconsiderable country, but is an island and is, I think, less concerned about current world affairs than the other two. The conference I believe brought to these two big Asiatic partners of ours some idea of the way the western countries feel about and look at the problem of communism. While India was not prepared to align herself positively with either the West or the East, but was content to keep to a middle position, Pakistan's recent moves—her treaty with Turkey and her acceptance of American military aid, and the views we heard expressed at this conference—would definitely indicate that she is to be counted as one of the western group.

As I say, the importance of these countries lies partly in their population and partly in the role they have to play in the future. We, as members of a group which have nothing to bind us together other than good will, can play a very useful part in retaining the confidence, good will and interest which exists in those countries today.

They value particularly the common parliamentary experience which has been their inheritance from British rule. They carry on their business in English. In fact, I think it would be impossible in Pakistan to conduct government without the use of English. And even in India it was freely expressed that although English was the language of their former rulers, it was nevertheless a great language in the world and had the additional advantage to them of being a common means of communication within the country as well as a means of communication in all their external relationships. I dare say that despite the nationalistic moves to promote Urdu and Hindi as the respective languages for the two countries, English will be the common means of communication of those governments and will be a common bond between those countries and the rest of the commonwealth.

The conference played some significant part, I suggest, in improving the understanding which is so essential. After all, understanding is the cement which makes these relationships grow and improve. I would close by making reference to Sir Edward Grey's remark, made in a different context, that nothing better promotes understanding than a consciousness of being understood.

Mr. A. B. Patterson (Fraser Valley): Mr. Speaker, I must confess that on a number of occasions since coming to this house I have been tempted to think that a great deal of time has been spent on very small matters.

However, when we entered upon this particular debate, and as it has continued, it has been my conviction that we are now dealing with a phase of our deliberations that is of paramount importance.

I have been taught that men's relationships in life are of paramount concern. Those relationships perhaps can be summed up under three categories, the first of which is man's relationship to God. I feel that that is basic; that is the foundation.

The second is our relationship to our fellow man; and that is of tremendous importance.

The third is our relationship to things, or to the material world around us. It seems to me that we have been dealing with the most difficult of those three, namely our relationship with our fellow man. As I have been considering this matter and listening to the debates a verse from Scripture has come to my mind repeatedly. I shall not preach a sermon, although I am almost convinced that one would not be altogether out of order in doing so—for instance Winch versus the Bible, or something to that effect. But the verse is this:

> If it be possible, as much as lieth in you, live peaceably with all men.

I think that verse should be kept in mind; it is a splendid exhortation. I think that not only in our individual relationships but in our relationships with the various nations of the world we should keep in mind that exhortation from the book of Romans. Humanity being what it is, frictions are bound to arise. But so far as possible I think we must accept the responsibility for removing those causes of friction and cultivating friendships among all men. We must strive with other nations for the establishment of good will among all the peoples of the world.

Now, Mr. Speaker, to come to the matter which prompted me to enter this debate—and I shall not take very long this afternoon—I should like to speak of my own attitude and that of the group to which I belong toward this great question of peace. This has always been a great and wonderful theme. It has been something that men have sought after and nations have coveted. From one viewpoint alone, the moral viewpoint, we ought to search and explore every avenue whereby peace can be secured.

Now when we consider, as we have been considering the atomic bomb and the hydrogen bomb, and its effects and possibilities, the importance of this theme is further enhanced. Before I came here for the opening of the session last fall a delegation of about twenty men and women called upon me and asked me one question: What is your attitude toward peace? I was very happy to be able to tell them that I thought I was just as much in favour of peace as they were. I was just as anxious to see peace established and maintained as they were. And certainly that is still my attitude—and because of the fact that I suppose most of our families have suffered the results of war. I have no doubt that practically all our families have paid some price in wars that have been fought in the past.

Therefore my heart cries out for peace in the world; my prayer is for peace. And I know that other members in this group as well as other members in the House of Commons desire those same conditions of peace.

Following my maiden speech I had a letter from one of my constituents in which very kindly he referred to the remarks I had made, but said, "I deplore the fact that you did not raise your voice for the cause of peace." I replied of course and told him he had misread my speech, and gave him the part that dealt especially with this particular matter.

However, as we think of it today, as I have said, with the tremendous possibilities of war and the potential forces that are placed at man's disposal, we all desire in some way or other to find peace established in this world of ours. I am now speaking for the Social Credit group when I say we urge that every effort be made to resolve the differences between those behind the iron curtain and the free nations of the world. Every possible endeavour should be made in order to accomplish that end. No one in this group wants war. We do not desire just the cessation of hostilities; we desire that a true and lasting peace shall be established on earth.

We deplore aggression. We join with those who advocate collective action by the United Nations to stop acts of aggression, and we take the position that Canada should not and must not be a party to aggression in any sense. However, I think we must be realistic and realize that the world is in great danger of aggressive acts and intentions by other nations, and no one knows when or where they may create incidents—I say "they may create incidents"—which could lead to war. And should that happen—and we sincerely hope and pray that it may not—what is our stand going to be?

I am sure that every group in this house, and perhaps I should say all members with the exception of some hon. members in the group to my right, would take the view that the free nations of the world must not be let down, nor can we let our freedom and all that we hold dear be lost by default.

I think I should call attention to the statement made by the leader of our party in the speech that he delivered on January 29 in the debate on external affairs. These are the words, as found at page 1611 of *Hansard:*

> My organization and I are committed to strive for international peace and security. We believe that Canada and all other nations should have been striving over the years with all their might to find out what are the real sources of war, and to remove those just as quickly as possible.
>
> We should have been doing everything in our power to remove industrial rivalry among the nations, to establish an equitable distribution of the goods and services this world can produce, and to have them distributed in all nations that are willing to co-operate. We believe that perhaps the greatest single factor leading to international conflict has been the lack of such equitable distribution of the goods and services that were produced. We are unalterably of the opinion that the establishment of sound international trade policies, such as those we have outlined on many occasions, is the best assurance of international peace and security.
>
> At the same time we recognize only too well that there is over the whole face of the world today a conflict of ideologies that is a constant threat to peace and national security. When we realize that this conflict is going on, then we also must be realistic in recognizing the necessity of organizations such as NATO and the European defence community and that sort of thing. We recognize also the necessity of organizing our own national economy so as to provide good opportunities for economic security for all of our people, along with freedom, so we can help them to be happy and contented in their lot and save them in the struggle that is going on for men's minds.
>
> We hear much about peace and the opportunities for peace. We hon. members are getting letters almost every day from some peace organization. Because we speak sometimes with vigour, because we advocate all-out vigilance, some of us are often understood to be belligerent. I hope there will be an intelligent differentiation between the two, as certainly there is a difference. To be vigilant is not to be belligerent. Vigilance is all we want.

Then he went on to say—and I just quote a short statement:

> Speaking of peace may I say that to us, except life itself and liberty there is probably nothing that we cherish as much as peace.

I wanted to place that on record, Mr. Speaker, because it states in a very definite and positive manner the policy of this particular group, and this afternoon I subscribe to that statement. My hope and my prayer is that in every way possible our leaders, this government and the Secretary of State for External Affairs (Mr. Pearson) will exercise the influence that they have in the councils of the nations to bring about a true and a lasting peace.

Mr. W. B. Nesbitt (Oxford): During the course of this debate we have heard a great many comments about the hydrogen bomb. The hydrogen bomb is not of itself any problem, of course. It is merely a mechanical contrivance devised by man, and there would be no problem of the hydrogen bomb except for two forces that are operating against each other in the world today. We have always had those two forces. One is a reasonable and logical force, and the other is an emotional one. They have been operating against each other all through history. You have a good example of that today. The emotional one is nationalism and the logical one is the desire of the countries of the world today to try to get together in some kind of national co-operation such as the United Nations and on a smaller scale such as NATO, and so on.

Nationalism has always been a factor. That is very true, but today it has become more prominent because of the political emergence of the Asiatic countries, particularly those of southeast Asia, and the Middle Eastern countries. These countries, for varying periods of time, have been under the domination of many of the western countries, and they have recently emerged as individual entities. Thus the emotional question of nationalism has made itself very prominent indeed today.

What is this thing called "nationalism"? You see the word used a lot, and I think we ought to make some attempt to define what it might be. A very simple definition, which I can assure you is my own, and no one else's, and of course open to criticism, is that nationalism is the determination of a group of individuals to assert themselves. To go on from there, I say "a group of individuals", and you may ask: Can we narrow it down even more? Well, since individuals tend to identify themselves with groups of people, the emotional reasoning can be referred back to the individual. I think this can be best exemplified by a little story I once heard. It was during Queen Victoria's diamond jubilee, when all the princes from India and from other parts of the empire at that time were travelling through the streets of London. A little cockney down on the corner poked his neighbour as one particularly gorgeous Indian prince was going by all bejewelled and on a bejewelled elephant and said: "Look, we owns him." I think that illustrates fairly well how this business of the individual identifying himself with a group comes about, and it is very important.

We have now got down to individuals, and I am trying to simplify this very complex problem. What drives an individual to want to assert himself?

In the last century a prominent Viennese gentleman called Sigmund Freud, with whose name I think everybody is familiar, started the study of what motivated human beings. I think by and large psychologists, people who study the reasons for human behaviour, would generally agree even yet that probably the basic reason for human beings desiring to assert themselves is probably related

back to—and I hesitate to use this word in the house—the sex drive. In any event, the human desire to assert one's self really does go back to some emotional rather than logical drive. There are various ways that can aggravate or increase this desire to assert one's self. In some cases it is just like Topsy in "Uncle Tom's Cabin", just growing up, just being adolescent; you want to show off to your elders a little bit and to make them think that you really are important and that you do know something.

But on the other hand certain things such as suppression and frustration and so on can also make people want to assert themselves. You can now apply these things to groups; I mean groups of people who have been suppressed or frustrated in their national desires. That can aggravate their nationalism or their desire to assert themselves. Other things can enter into it, such as just growing up as in the case of a new country, such as the new Asiatic countries. Even in Canada, for example, we are touchy about little things such as a national flag and the desire that Americans should not think that the King or the Queen actually rule us and that we do not rule ourselves. We are very touchy on little things like that. Nationalism can take various forms.

First of all, let us see about the individual. There are two forms, namely the active and the passive. The passive form of nationalism is of course usually very constructive. Let us look at the individual who wants to assert himself in a constructive way. He may become a great artist or a great scientist or something like that and do something constructive. This again applies to a group of people or individuals such as a country. Ancient Egypt is a good example. Egypt did a lot to contribute to the arts of peace and they were never particularly prominent in war. Ancient Greece in its early days was more noted for the arts of peace than for the arts of war and so on. These are examples of constructive nationalism.

In the more active aspect as far as individuals are concerned, you have the town bully who wants to force his will on somebody else and you have religious fanatics who are determined to force their religious views down somebody else's throat. Referring again to groups of people, you have nations who desire to assert themselves by forcing their national culture upon everyone else. Sometimes people refer to the United States as wishing to do that, thinking that they have the best way of life and wanting to make sure that everybody else has it. In the Middle Ages the Mohammedans and the Turks had that point of view. They tried to force the Islamic cultures on a large part of Europe. Certain nations have strong national political views, like Russia, and desire to force communism on the rest of the world.

I think I have dealt long enough with nationalism in an abstract way and should get down to a consideration of just where does this affect Canada. As I have said, we have a little bit of nationalism in Canada; I refer to our touchiness about things such as the flag and so on.

I think Canada is in a particularly fortunate position in the world. We often hear about Canada being a linchpin between England and the United States and that we can interpret England to the United States and vice versa. I think Canada should continue to be this kind of linchpin, but I think we could very well be another linchpin in the same kind of world machine. I think we would make a very fine linchpin between the new Asiatic countries and the western world such as United States, Great Britain, France and so on. I think Canada is probably the best suited to do this of all the western countries.

The remarks that have just been made by my colleague, the hon. member for St. Paul's (Mr. Michener) who has just returned from the East, express that very well. Canada, like the new Asiatic countries, is a new country in a political sense. It is not, of course, in a cultural sense like the Asiatic countries. Their cultural history goes back centuries and even for thousands of years. But politically Asiatic countries like Pakistan, Indonesia, the Philippines and the Middle Eastern countries like Iraq, Iran and Egypt are all new countries politically. So is Canada. It is something we have in common.

Canada has never been in a position where we have attempted to dominate these countries in a political sense as Great Britain, France and the United States have done in the past or in the economic sense as I think the United States has often been falsely accused of doing nowadays. For those reasons the newer countries do not suspect the motives of Canada. More than that, we are too small, at least on a population basis, to attempt to force our will on those other countries and for that reason we are not suspect. More than that, for the last few years we have been very generous in giving gifts of food and mutual aid—I refer to such things as the Colombo plan and so on—to these Asiatic countries. I think they appreciate it, and they do not suspect our motives.

I have some knowledge of this matter in a personal way. There are a number of people from Pakistan living in the town in

which I live. They have been there for almost a year now, and they will be there a little bit longer, learning agricultural methods. I have talked to them on many occasions. These people like Canada a great deal. They have been completely accepted in the community. They have had a very good time here. They like this country. They realize that we are not in any way attempting to interfere in their domestic affairs, in their foreign affairs or anything else, and that we only have a genuine desire to help them. They realize that when we give something to those countries we are not asking any *quid pro quo* in exchange. For these reasons I think that Canada should try to become a new linchpin between the East and the West and act as an interpreter of the western viewpoint to the East. My colleague from Vancouver-Quadra (Mr. Green) suggested a little bit earlier that Canada should enter into some of these Pacific pacts and take an active part. I thoroughly agree with him. I think that such participation would assist us in becoming a linchpin.

Mr. Speaker, I hope these few remarks will be of some help. Accordingly, I should just like to commend them to the attention of the Secretary of State for External Affairs (Mr. Pearson).

Mr. Claude Ellis (Regina City): Mr. Speaker, I am sure we are looking forward to hearing the remarks of the Secretary of State for External Affairs (Mr. Pearson). In order to facilitate matters I am going to make my remarks as brief as possible. However, as the member for Regina City I feel that I have a duty to my constituents to place before this house some observations which I feel might be of some value to the minister and to the government, and to comment upon some of the remarks that have been made during the course of this debate.

I for one am not perturbed by the fact that this debate has gone on for a number of days. As a faithful reader of *Hansard* for quite some years before coming to this house I have always felt a little bit of alarm at the manner in which external affairs were treated in the house; I refer to the idea that external affairs were something for which we would just set aside a day for a debate and then, after disposing of it in that summary fashion, get on with the business of the house. I feel that this debate indicates keen interest in external affairs among members of this house; and I think that is a reflection of the keen interest in foreign affairs throughout the country.

After listening to some of the speeches made in the debate, I found that there are many that I thoroughly appreciate. As to a number of the speeches made, while I did not appreciate all the contents or all the remarks in those speeches, nevertheless I felt that they made a distinct contribution to the debate. They were made in a very forthright manner. They were based on some degree of logic, unlike some of the speeches which departed almost entirely from any semblance to logic or historical fact. Consequently I want to deal with a number of matters that I think have been dealt with perhaps in an incorrect way in the house.

A great deal has been said during the course of this debate on the question of the recognition of the Peking government, and I believe part of the difficulty, Mr. Speaker, is the fact that the public, particularly the public in the United States, has been sold the idea that there is something synonymous between the terms recognition and approval. Of course, feeling as we do about the Chinese government, if recognition did imply any degree of approval I am sure we would disapprove of such recognition. But the difficulty we find ourselves in today is that many people will not realize that recognition does not involve approval.

When we of the C.C.F. have from time to time recommended the recognition of the Chinese government we have had people call us "fellow travellers" and make uncomplimentary remarks, completely ignoring the fact that the recognition of the Peking government has been advocated by many Canadians in various walks of life and of various political parties. The point of view we have set forth is the point of view taken by the British Conservative government. It will be recalled that last evening the hon. member for Kootenay West (Mr. Herridge) dealt with that very matter and pointed out that the British Conservative government under the leadership of the Right Hon. Sir Winston Churchill today recognize the Peking government. If that government did not approve of the policy of recognition it would be a relatively simple matter for the British government to withdraw their recognition. But they have not done so. Therefore, if there is anything wrong about our advocacy of the recognition of the Peking government then the criticism directed against us must also be directed against the British government. Even in our own country it will be noted by those who follow the press that many leading newspapers all across Canada have come out in support of the recognition of the Peking government.

When the Prime Minister (Mr. St. Laurent) made his statement on Thursday last he quoted from an editorial which was published in the Ottawa *Journal* on Friday, March 12.

The Prime Minister did not quote the editorial in its entirety, but I should like to draw the attention of the house to several paragraphs of that editorial which I believe are pertinent to the point under discussion. The *Journal* goes on to say:

No country can ever know with certainty whether the government possessed by some other country is the government its people want. And the fact is that Canada now recognizes any number of countries without being at all sure that their government is what their people want. There is Russia, and Czechoslovakia, and Poland, and Spain; possibly others.

What Canada does, and must be compelled to do, and what all other countries must be compelled to do sooner or later, just because it is the only sensible practicable way, is to recognize the government of the country which is in effective control —which exists in fact. That, of course, must apply to China. There in an ancient historic nation a revolutionary movement defeated the government of Chiang Kai-shek, drove its armies from the China mainland, set up a new regime. Can we in Canada say sensibly or realistically that this new regime cannot act for the Chinese people, that it is not what the Chinese people want, and that until we discover that it is what the Chinese people want, we cannot recognize it as China's government, exercising authority.

The next day the Ottawa *Citizen* said almost the very same thing, the thing that we of the C.C.F. group have been saying. The *Citizen* editorial of March 13, under the heading "Korean Criticism of Mr. St. Laurent" said:

"*Korea Republic*", a semi-official newspaper published in Seoul, has criticized Prime Minister St. Laurent's opinion that diplomatic recognition of communist China is ultimately inevitable. In its criticism, the newspaper has expressed a viewpoint common to the lunatic fringe of the anti-communist camp, which would deny all hope of a peaceful settlement of issues that contribute to world tension. *Korea Republic* suggests that anyone, however well meaning, is a "communist tool", if he advocates a course, on any specific issue, that has been approved by the communists; further that diplomatic recognition of the Peiping regime constitutes moral acceptance. On both counts, *Korea Republic* is surely in error.

Decisions in the non-communist world should not be based essentially on whether or not the communists would favour them, so much as on whether they would help establish a stable peace without weakening the West vis-à-vis Russia and China. If statesmen are to become "communist tools" whenever their views coincide with those of Moscow, the communists could control the West simply by advocating policies the reverse of those the Kremlin really desires. The Labour-Progressive (communist) party of Canada has approved Mr. Conn Smythe's proposal that the Toronto Maple Leafs play exhibition games in Russia. Is Mr. Smythe therefore to withdraw his offer, whatever its intrinsic merits? Of course not. On the second point, *Korea Republic's* attitude would leave little recourse except to settle international differences by violence. If recognition is to be withheld from Peiping because of disapproval of China's rulers, then how is business to be done with the Chinese nation? Negotiations could not for long be held, or bargains struck, or a settlement reached, if normal diplomatic intercourse is forever cut off. The South Korean regime is not universally approved in the West, owing to President Syngman Rhee's endeavours to suppress opposition and establish a brutal police state. But his is the only government that exercises effective control over South Korea, and the West must recognize it. Much the same rule applies to China.

These are precisely the things we of the C.C.F. have been saying. The British government has said much the same thing, and has taken the same point of view. I believe that once and for all we should end these innuendoes and charges against people in this country who favour the recognition of the Peking government as though there was something insidious about it. I believe the record speaks for itself in that respect.

Along with the recognition of China there must, of course, go the question of China's entry into the United Nations. Much has been said by one or two hon. members about the possibility that China upon being recognized would become a member of the United Nations. The attitude some people have toward the United Nations is rather strange to say the least. Some people seem to believe that the United Nations is a sort of little social gathering in which all good people can be members, and all people we do not like can be kept out. In this regard I was very interested to read a report of a speech made by Sir Gladwyn Jebb in addressing the Pilgrims in London recently as reported in the *Western Producer* of March 25, under the heading "Jebb Urges Admission of Red China to U.N. Seat".

Sir Gladwyn Jebb, who was until recently the British representative at the UN, and who is now ambassador-designate to France, urged the United States to accept the principle of making the United Nations a true world forum in which peace can be won, and he warned:

"We are just not going to defeat communism by physical means, necessary though it may be to defend ourselves and the whole free world by such methods."

Another world war will not eliminate communism but will be more likely to extend it universally, perhaps under another name, he asserted.

Jebb commented that some Americans misconceive membership in the United Nations as a sort of prize for being a good boy, an attitude which he described as ignoring the world situation in which many governments "are not the sort of which we could possibly approve." "Somehow or other," he declared, "we have got to learn how to get on in this world with governments we dislike, and whose disappearance we should be the first to applaud if it could be accomplished by means other than war."

These are sentiments with which, I am certain, every member of the C.C.F. group would wholeheartedly agree.

The United Nations should be a true world forum. It is rather difficult to understand the nature of the criticism of the United

Nations from time to time. It is rather difficult to understand the point of view expressed by some members that you will weaken the United Nations by admitting the Peking government to membership when one realizes that if the United Nations is going to be a true world forum then all the major antagonists of the world should be brought together in order that the vital issues of the day may be discussed. Conversely, we have views such as those of the Social Credit group who would insist on the expulsion of the U.S.S.R. from the United Nations. Would that strengthen the United Nations? It depends entirely on what one's impression of the United Nations is.

If the United Nations is going to do the task for which it was created, apart from the work of the specialized agencies which of course are being carried on from day to day; if it is going to do a major job, then the United Nations is going to have to provide the machinery whereby the various antagonistic elements in the world may be brought together in order that common decisions may be arrived at. So far as the entry of China into the United Nations is concerned, the suggestion is made that it will double our difficulties and will increase obstructionist tactics. I would remind hon. members that I believe in every vote that has been taken in the general assembly of the United Nations the Russian bloc has usually been defeated by about eight to one, nine to one or ten to one. The veto power is already exercised by the Moscow government, and I think there would be very little change in that respect if the communist government of China also exercised that power.

But I do want to emphasize the point that we have got to clear the air with respect to what we consider the main job of the United Nations to be. We must realize, as Sir Gladwyn Jebb has pointed out, that we must make the United Nations a true world forum in which we will get all divergent points of view. There are some who say that we could get things done a lot better if the obstructionists were not there. I suppose some of the Liberals across the way might argue that too much time is spent on debate and that they would get the work of the house done much quicker if they got rid of the opposition. That is the same type of logic as to argue that the work of the United Nations would be facilitated by the expulsion of all those who might disagree with the majority decision. It is up to the majority to persuade the others.

Think of a United Nations in which you only have those who agree and all those who disagree are expelled. It is like having a prize fight with only one boxer in the ring. It is difficult to conceive of the type of reasoning that would lead a person to advocate either the denial of entry of China to the United Nations or the expulsion of the U.S.S.R. from that body.

We are much concerned at the present moment with the coming Geneva conference. Something has been said about the apparent failure of the Berlin conference, but if the Berlin conference brought about the Geneva conference perhaps that is one positive accomplishment of that meeting. There are two attitudes of mind that may prevail among the delegates who go to Geneva. There may be those who will go with closed minds determined that under no circumstances will they yield on any point. Again, there are others who would be prepared to go to the conference and seek any area upon which some measure of agreement might be reached, no matter how small that area might be. I think we must realize that there are some who go to international conferences with closed minds.

I want to draw the attention of the house to a statement made recently by Representative Judd who is chairman of the House of Representatives foreign affairs subcommittee. His words are reported in an Associated Press dispatch from Washington which appeared in the *Gazette* of March 28. The report reads in part as follows:

> Judd said any truce sought by the allies, rather than the communists, would be "the first step toward the war we are trying to avoid. If the communists come to us with evidence of good faith to negotiate, rather than with another trick or a trap, the United States is always willing to negotiate", he said. But Judd declared a genuine truce would be possible at Geneva only if "they (the communists) ceased being communists."

I think no comment is needed on that statement. It speaks for itself. The attitude of Canada at this conference is something that concerns us at the present moment. We have heard a number of speeches during the course of this debate by members who suggest almost the same kind of closed mind with respect to this conference. The statement was made: After all, what if they do promise to desist from further acts of aggression? We will not believe them anyway. Of course if we are going to take that attitude before the conference opens then we cannot blame anyone but ourselves if we find that no agreement at all comes out of the conference.

But there is one point in this connection that was dealt with very effectively by the hon. member for Vancouver South (Mr. Philpott). It is the matter of the red herring

involved in the use of the word "appeasement" and the reference to Munich in connection with present-day conferences. I find it difficult to understand how a student of world history who has taken the trouble to study the events leading up to the Munich conference and the events of the conference itself can possibly draw any parallel between Munich and conferences held under international auspices at the present time. The Munich conference was a conference to which were invited people who were virtually certain to agree on a particular course, and those who were likely to disagree were not invited. For example, Czechoslovakia, the country most concerned, simply was not invited to the conference because Czechoslovakia quite naturally would have taken great exception to the discussions that were going on at that time. Therefore I do not think anyone should seek at this time to use the Munich conference or the term "appeasement" as a red herring to try to throw difficulties in the way of those who would seek to bring about some small measure of understanding in the world today.

The hon. member for Vancouver East (Mr. Winch) dealt with an extremely important subject this afternoon. I am glad he did so because it absolves me from the necessity of saying some of the things I wished to say. I think it is an extremely important matter. If the new bomb is exploded next month we may be spared any disastrous consequences, but where is it going to end? Is there going to be further testing of still more powerful bombs? Where is the line going to be drawn? It has to be drawn somewhere, and I think we should give the most serious consideration to the remarks made this afternoon by the hon. member for Vancouver East. I do not wonder that he is concerned.

I noticed that last week the Vancouver *Province* published on its front page a map showing the danger area of a hydrogen bomb explosion such as the one to be exploded next month. The area on the map covered a radius of 450 miles. It extended almost as far north as Prince Rupert, and as far northeast as Edson, Alberta. It included the city of Calgary and the outskirts of Lethbridge and extended south to Missoula, Montana, and to an area just north of Grants Pass. It included the cities of Spokane, Seattle, Portland, Victoria and most of the settled areas of British Columbia. Is it any wonder that the hon. member, representing as he does a Pacific coast constituency, should have risen in his place this afternoon and have made the very valuable contribution he made to the debate? It is the enormous effects of such bombs that brought the Vancouver *Province* to publish an editorial on the matter. I just want to draw your attention to this editorial because I think it sums up the situation in much the same terms as the Secretary of State for External Affairs used in his address just last Sunday to a group of young people in the city of Ottawa. In dealing with the threat of atomic war or the hydrogen bomb, the Vancouver *Province* of March 27, 1954 had this to say in part:

> It can only be done by driving home the basic fact that no one will win an atomic war. The scattered, despairing fragments of the human race able to survive such a holocaust would not be very interested in the social theories of Karl Marx or anyone else.
>
> The atom bomb has dwarfed all social theories. When and if the next atomic bomb is dropped as an act of war our ideologies, legal systems, ideas of government, learning, culture, will on that day be rendered mere bagsful of nonsense.
>
> Nothing of value anywhere will survive an atomic war.

With this background, Mr. Speaker, I want to urge the Secretary of State for External Affairs to see to it that the Canadian delegation at Geneva does everything within its power to seek at least small areas upon which there can be some degree of understanding and agreement. What is the alternative? The hon. member for Rosetown-Biggar (Mr. Coldwell), the leader of our movement, when speaking in this debate last Thursday pointed out the alternatives which face the world today. He stated the world had a choice of co-existence, if I may use that term, or we might seek to destroy them and they might seek to destroy us. Now, that is the choice before the world today, and I wonder where Canada will stand on this matter.

With this background in mind, I urge the government to take advantage of every possible opportunity to negotiate to come to even a slight degree of understanding on some of the issues that face the world today. Without such an understanding the world will continue to face the perpetual threat of destruction by a third world war.

Mr. Deputy Speaker: May I advise hon. members that if the minister speaks now, he will conclude the debate.

Hon. L. B. Pearson (Secretary of State for External Affairs): This debate that is now coming to an end, Mr. Speaker, and the conclusion of which will make it possible to set up the committee on external affairs where these and many other subjects might be discussed further, has ranged far and wide over the world. I do not believe any of us should complain about that because we have learned from the events of the last forty or fifty years that when international

relations break down our men have to range far and wide over the world, from Germany to Korea, in the defence of peace.

In the course of the discussion we have made excursions into the fields of history, philosophy, religion, and almost on occasion metaphysics. We have gone as far back as 8000 B.C. and spent a good deal of time looking at what is going to happen in April, 1954, at Geneva. During the course of the debate a great many questions have been raised, and a great deal of advice has been given to the government as to how to deal with them. As the hon. member for Vancouver East (Mr. Winch) said this afternoon, questions have been hurled at me. On the government's side, we should certainly do nothing but welcome that because advice is helpful, especially when it is good advice.

At times, however, some of the advice—this I suppose is inevitable—that has been given to us has been contradictory in character, especially on the subject of recognition of the Peking government in China. As I understand it from the speeches that have been given, the members of the Progressive Conservative party are afraid that we will recognize that government, and the members of the C.C.F. are worried that we will not. Naturally, therefore, the advice that has been given on that point has been slightly contradictory. I am not quite certain of the position of the official opposition in the matter, apart from the advice they have given as to what ours should be. I think in relation to recognition, and I will come back to this later, the position of the official opposition might be summed up in the words of a song, I think by Gilbert and Sullivan, "Never—well, hardly ever."

The hon. member for Greenwood (Mr. Macdonnell), and I think one or two other hon. members on the other side, suggested that we had been derelict in our responsibility on this side because neither the Prime Minister (Mr. St. Laurent) nor myself had said anything about the commonwealth of nations. I feel the hon. member for Vancouver South (Mr. Philpott) dealt with that matter very effectively yesterday when he said that the Prime Minister had been giving evidence by deed and not only by word of his feeling for the commonwealth of nations which in its new form is very different from the old British Empire and has demonstrated once again the genius of the people composing it for political improvisation, if I may put it that way, and for service to the world.

The hon. member for Greenwood talked about the commonwealth of nations as a third centre of power and hoped that along that line its new usefulness might develop. With all respect to him, I do not see the new commonwealth in that light, either politically or legally, because it is unrealistic, if I may use the word, to talk about a commonwealth composed of nations such as India on the one hand, South Africa on the other and the United Kingdom and the rest of us as a centre of power. There could be no single decision, as I see it, which would bring that power into action. It is not, therefore, a centre of power in the sense that the United States or the U.S.S.R. is. But it is a centre of co-operation and understanding. In that respect it is, and will continue I am sure, to render a very valuable service.

I hope that this centre of understanding and co-operation will not develop as a kind of third force—I have said this before—somewhere between the United States and the U.S.S.R. There are only two forces in the world today, or should be; those forces which are fighting for peace and good international relations and those that are on the opposite side of that issue.

I feel that I should say a few words right at the beginning about the speech made the other evening by the hon. member for Nanaimo (Mr. Cameron). He accused me softly last Friday of indulging in semantic subtleties. Well, there was nothing subtle about some of his statements. They were clear; but, as I see it, they were clearly wrong; they were directed as we remember for the most part to the United States and to the conduct of the western foreign ministers at Berlin. And I am not suggesting that the hon. member is anything like a fellow traveller, or a member of any fellow-travelling group when I criticize his stand on this matter.

He was pretty strong in his criticism of the western proposals at Berlin for the European defence community for the unification of Germany as obviously unacceptable to the Soviet union and, as he called it, the hasty western rejection of Mr. Molotov's proposals for European security.

What was wrong with these western proposals for the unification of Germany, based as they were upon the principle, which surely we must all accept, of free elections and the formation of a united German government which, once it was formed by free elections, would have full power to contract out of the European defence community if it desired to do so, if it happened to be in?

It seems to me to be most unfair, indeed absurd, to talk about a proposal of that kind, in contrast to the Soviet proposal on the same subject, as sabotaging the Berlin conference. In so far as Mr. Molotov's plan for European security was concerned, that was introduced

at the conference in Berlin on February 10. It was discussed by the foreign ministers at three meetings; and in spite of their efforts they failed to clarify some of its points, especially that of its relationship to NATO. Mr. Molotov refused to co-operate in that regard, but it became pretty clear before the conference ended that the acceptance of this scheme for European security would have meant the abandonment of NATO and its replacement, for European states, by a collective security system which would have included all of eastern European communist states, and the U.S.S.R. itself—which is more Asian than European—and would have excluded the United States and Canada and, indeed, the communist government in China. However that nation—and the U.S.A.—would have been permitted to attend the meetings of such a system as observers.

I think after the consideration which was given, and after their inability to get the clarification they desired, the western foreign ministers were entitled to claim that there was no basis for European peace or unity or security to be found in that particular proposal.

In a more general way the hon. member for Nanaimo stated his views, and I am quoting:

> The western powers have been led to consort with all the most disreputable and reactionary elements in Europe to the destruction of the element in that society which might have built a better world in the heart of Europe.

Well, who are these "disreputable" elements? Are they the followers of Moscow, such as Togliatti, Duclos, Thorez, Field Marshal von Paulus, Grotewohl and Ulbricht? No, Mr. Speaker, they are, according to the hon. member, de Gasperi, Adenauer, Ernst Reuter, Robert Schuman, Georges Bidault or Jules Moch.

Later in his statement the hon. member criticized our policy at the United Nations, as he had every right to do. Then he ended up that phase of his remarks with these words:

> We have left the other nations—

That is, Canada has done this.

> —who are not nearly as well equipped as we are—

He did not specify any particular nation.

> —to stand up for principles of honesty and decency in the world.

And at another point he said:

> I think on the most charitable basis we can only say that it has been a somewhat shabby role.

Well, I suggest that our participation in international affairs in recent years is not considered by most Canadians, or in fact by most countries, as justifying its characterization as a shabby role. We have of course made mistakes, and I have no doubt we will continue to make some. But I hope we will never act in such a way that we can legitimately be charged with being shabby in respect of our international responsibilities.

And the hon. member ended up by saying that because of our deficiency in this regard many Canadians are slightly afraid and ashamed of being Canadians. Well, I will have to leave him to that company of Canadians who are slightly ashamed of being Canadians, and I do not think he will find too much companionship there.

Now, there has been a good deal of discussion in this debate about the European defence community, what it stands for and what our relationship to it should be. I did say in introducing this resolution that we supported the European defence community, and then I added the words "or something like it". The hon. member for Prince Albert and the hon. member for Eglinton both asked me what I meant by "or something like it". What are the alternatives?

Well, by "or something like it" I had in mind possibly some kind of amendment by protocol for consideration if the original agreement is not satisfactorily effected. And as for alternatives, I would suggest to the hon. member for Prince Albert that if he reads *Hansard* at page 1584, when I spoke on January 29, he will find that I outlined there the five possible alternatives to the existing international defence community now under consideration.

A good many members in the debate have expressed doubts and uneasiness about the acceptance and the putting into effect of the European defence community. I can understand that uneasiness, because I share it. And if we share it in this house we can certainly understand how citizens of countries close to Germany who have seen so much of invasion in recent years must feel about it. But while we may understand that feeling, still we must ask ourselves, as I have tried to ask myself: What is the alternative? While arguing the point of view that there must be something dangerous in the position, it would surely be wise to follow it up by suggesting a more satisfactory alternative. From my own study I do not think that there is a more satisfactory alternative, unless all those who are now discussing the present arrangement should get together and agree upon changes to it.

Appeals have been made to history in this connection. Well, I draw—and I am sure other hon. members also draw—other lessons from history which bear on the matter. I stated on January 29 that one method of

controlling German aggressive expansion is the old unhappy one, by which the west joined with the east against an independent armed Germany in central Europe. Neither in 1914 nor in 1939 was an alliance of that kind effective in preventing war, even if it may have been effective in winning war. And so, with the history of 1914 and 1939 very much in mind, plans for a European defence community have been drawn up in order to bring Germany into an alliance which would give scope for her energy and talents but which would also include safeguards against uncontrolled military expansion.

The EDC treaty, with which NATO would be associated, has provided safeguards which have already been explained in detail in this house. If we have not faith in those safeguards, then we have no reason to have faith in any other conditions imposed by human authority.

Nor do I think we have ground for faith in our ability to control Germany rearmament without this kind of collective organization. Nor do I think we should have much confidence, with the experience of the years between the wars and now, in our resolve, let alone our ability, to keep Germany neutral and disarmed. We have tried that before and it has worked for a few years, but the end result has certainly not made for peace. Therefore I do feel—and I repeat this feeling which I spoke about earlier and indeed as late as January 29—that the best of all alternatives now before us—indeed it is the only one officially now before us—is the European defence community.

The hon. member for Eglinton and one or two other hon. gentlemen have talked about the North Atlantic Treaty Organization and the hon. member for Eglinton asked a specific question in this regard, whether, commenting on the press dispatch of an interview between the Prime Minister and General Gruenther in Paris, we had accepted recently any new commitments in regard to NATO forces. Notwithstanding any interpretation that might have been given to that particular press statement, which was inaccurate in this respect, we have not accepted any commitments in regard to NATO which have not already been made clear to the house.

The hon. member for Peace River brought up an important question in this regard when he wanted to know the effect, if any—and he was worried about this—of such an arrangement as that which has been entered into between Turkey and Pakistan on our commitments under NATO. It is true that Turkey and Pakistan have worked out a bilateral defence arrangement and I am sure it will make its own contribution to peace and security in that area. But that does not add to our commitments merely because one of the two principals to that arrangement is a NATO member; because our obligation under NATO is to come to the help of, or at least to consider an attack on the metropolitan area of a member state as an attack on ourselves. Any action taken as a result of an outside agreement which brought one NATO country into action because of its obligation to another country that was not a member of NATO would not, as I understand it, involve our NATO commitment.

Then, in respect of NATO, there has been a good deal of talk about our ability to do more in implementing article 2. All I can say is that I realize that this has been a very slow and complicated and at times disappointing process. As I have already said before, in recent years we have subordinated the implementation of the non-defence aspects of NATO generally to the necessity for building up our defensive strength against a threat which seemed very dangerous at the time and remains dangerous. But we are doing something. Every time we meet at Paris we do something more to carry out the spirit of article 2, which is not concerned only with economic co-operation, but also with political co-operation generally; and in the meeting of the NATO council which will take place in a few weeks, on April 23, in Paris, as I think I said the other day, we have only one item on our agenda, namely, the exchange of views on the international political situation. That in itself, the fact that we can meet and talk about these things regularly, frankly and fully, does I think help to bring about this closer political integration, if I may use that word, which we had in mind when we signed the NATO agreement.

Having used the word "integration", I should refer to a question raised by the hon. member for Prince Albert (Mr. Diefenbaker), who asked for some clarification of the statement made by the Prime Minister at Bonn, which statement he felt went beyond anything that had previously been uttered in this house in regard to our international collective developments. On February 10, I think it was, at Bonn the Prime Minister said this:

> It has become increasingly clear, I think, to all members of NATO and to those many countries who are associated with us throughout the free world that our very survival and our continued development in freedom and in peace depends upon our ability to look beyond national barriers and to make them somewhat less artificial and more satisfactory.

The Prime Minister added:

We believe the proper solution to the economic, cultural and spiritual betterment of all free peoples is to be found in an ever closer integration of their activities and in a greater sharing of their endeavours. More particularly, many of us believe the peoples living about the great basin of the Atlantic ocean might well seek the solution to their problem of economic betterment, political stability and self-defence in this closer integration of their national resources and of their machinery of government.

The Prime Minister of course had in mind when he made that statement—and I think it is one to which none of us would want to take exception—that the hope of the world today, especially the hope of the Atlantic world, and especially under the circumstances of today, must lie mainly in closer and closer co-operation and closer and closer relationship between governments and the agencies of government. In saying that he did not, I suggest, go so far as—certainly not any farther than—Mr. Mackenzie King did in this house on December 17, 1945, when he said—and these words might well be remembered by the hon. gentleman:

The more deeply one ponders the problems with which our world is confronted, in the light—"the terrible light," as Mr. Attlee said—of the implications of the development of atomic energy,—

I do not know what he would have said if he had been speaking today. I continue:

—the harder it is to see a solution in anything short of some surrender of national sovereignty.

Mr. King went on:

With a limited surrender of national sovereignty, there must be instituted some form of world government restricted, at least at the outset, to matters pertaining to the prevention of war, and the maintenance of international security.

I think the lesson of the events of the last two or three days drives home that feeling that there is no safety for us, there is no security for us except in closer and closer international co-operation and more effective international arrangements to protect national security. And in bringing this about—this had been said in other parliaments than ours —there must be some relinquishment of national sovereignty, because the world is too small for jealous competing sovereignties in the circumstances of today. This, as a matter of fact, is not in one sense giving up national sovereignty at all. It consists, as Mr. Wendell Willkie used to say, of making national sovereignty work for us in the interests of national security.

A good many questions were asked about atomic energy matters. The hon. member for Prince Albert asked whether we had any international obligations at the present time with regard to extending present knowledge of atomic energy along the lines of making industry a partner of this development. The answer to that question is no, we have not. He also asked questions relating to the proposed international agency which I had mentioned in my earlier statement. In fact he repeated to me some of the questions I had myself asked in that statement. At this stage I regret that I cannot do more than refer to the proposals themselves made by President Eisenhower when he pointed out that it was expected—and we share this expectation—that the proposed international agency, which is now under discussion, would be set up under the aegis of the United Nations. He also proposed that the governments principally involved—and that would include Canada—should, to the extent permitted by elementary prudence, make contributions from their stockpiles of normal uranium and fissionable materials to the international agency, and he added that ratio of contributions, procedures and other details would properly be within the scope of private conversations. Those private conversations are now going on.

It seems to me that at this stage it would be unwise for any of us to make public statements as to what we think can best be done to implement this general proposal. We have been in close touch with the United Kingdom government as well as the United States government on this matter. The United States government indeed is acting at the present time, as I said the other day, bilaterally with the U.S.S.R. and has put certain proposals to the government in Moscow. Those proposals have not been made public. They go into this matter in somewhat more detail than I have been able to do; but until we get the first reaction of Moscow to those proposals I think it would be unwise and indeed inappropriate for me to say anything more about the details of this matter than I have already said.

I appreciate, as must all hon. members, the uneasiness which has been reflected in this house over recent atomic developments. Yet I cannot help adding that I would be far more worried if those awful explorations into the science and the chemistry of destruction were exclusively in the hands of those whom we have cause to fear rather than in the hands of those who we know will not use them for any aggressive warlike purpose. Having said that, however, we cannot refrain from asking ourselves this question: Where are we going in this matter? As reported at page 3342 of *Hansard*, the hon. member for Rosetown-Biggar (Mr. Coldwell) said:

The Secretary of State for External Affairs and the government should make immediate representations to the United States, urging the United States not to undertake these experiments in the Pacific ocean.

As I indicated, I think it was yesterday, in the house, we have been in touch with United States authorities about the results of the recent explosion and have endeavoured to obtain information about the plans for subsequent explosions. We know—and our information in the last few days reinforces our knowledge—that those who have a special responsibility in this matter on our side in Washington share the anxiety of all people of good will at the horrible potentialities of the forces now being developed, and they are as anxious as we are to remove those anxieties. At this moment I can only repeat, as expressing my own feelings, what Sir Winston Churchill said yesterday in the House of Commons in London:

> . . . I am sure that those responsible for conducting these tests will continue to take the most rigorous precautions to minimize the risks involved.

Our interest in this matter has already been expressed in Washington, as no doubt has the interest of other governments, and quite understandably so. But the best way to remove dangers in this field, as in other fields, and the best way to prevent any possible use of those weapons, is to prevent war. I do not desire to use language which is too shrill or excitable, but I cannot help feeling —as other hon. members have felt and have so expressed themselves—almost horror at the magnitude of the destructive forces now being made available for human use. When we talk about things like this it is customary to say that we must reduce the particular subject to its proper perspective. However far you reduce this matter to perspective, the perspective remains horrible.

I would go further, and this is as far as I can go at this time in answer to the impassioned and sincere appeal of my friend the hon. member for Vancouver East. I would agree that all governments concerned—and that includes the Canadian government—should, if I may use the expression, take a new look at United Nations international efforts in this field of the prevention of the use of atomic energy for destructive purposes. The clouds that have arisen eighteen or nineteen miles above that Pacific atoll; the deep and jagged cave that was blown into the bed of the Pacific ocean; and the men who, miles away, suffered merely by contact with the effects of the explosion; all these things surely impose on all of us, and no doubt especially on those of us who have some official responsibility, the obligation to take some kind of action, if one can find it, to harness these forces for constructive ends.

I agree that, in the light of what has happened, we must approach this problem—all of us; all governments—with a greater sense of urgency than possibly we have been showing in recent months. That requires, of course, action at the United Nations or at least international action. It may mean that we should re-examine our own attitude towards the question of international ownership of fissionable material as essential to a solution. But it also emphasizes the desirability, indeed the necessity, of bringing about some form of genuine international control and international inspection, without which anxieties in this matter will not be removed.

I now pass on to some other subjects which have arisen in the course of the debate and move from this question of atomic energy to the Pacific. More than one speaker in this debate has suggested that it should be the aim of our policy in the free world to do everything possible to separate the communist satellites from the U.S.S.R. The leader of the official opposition, speaking on Yugoslavia, said, as reported on page 3377 of *Hansard*:

> . . . it is my hope that under the influence of the outside world Yugoslavia may gradually emerge from communism into a better form of government that will bring freedom to its people.

Then he added that this is only possible once the people are separated from Moscow.

I think we can all agree with that statement in principle, but it is not always so easy to find the proper policy to encourage that separation. Right Hon. Anthony Eden, in the article which my hon. friend quoted from the *Daily Telegraph* of London, dated January 20, 1950, said as follows:

> Independent nationalist communism (in China) is certainly possible later—but we should be unwise to count on it.

I agree with that statement and I agree further that we should be unwise to base our policy on its happening. Nevertheless, we should take advantage of any opportunity that may present itself to bring that sort of thing about. One such opportunity has been put forward in some quarters as existing at this time, in increasing importance, namely in encouraging and developing trade between the east and the west. The other night, as reported at page 3380 of *Hansard*, the Leader of the Opposition said this:

> . . . we do not need to sell our principles for a few dollars' worth of trade.

That is right, Mr. Speaker, we do not need to do that; and so far as this government is concerned, I am sure we do not intend to do so. It is true, however, that there are efforts now being made by the U.S.S.R. and communist governments to increase such trade. Why such efforts are being made at this time must of course be a matter for speculation, but one can be sure they contain much political and propaganda

content. I believe we can also be pretty sure that these efforts are not designed to help us. But it is still not impossible that some countries of the free world would be assisted by an increase in east-west trade, that their economic strength would be made greater by that trade, and that that in turn would strengthen their defensive capacity.

The President of the United States himself as recently as yesterday, in his message to congress, had something to say about this. He said:

> Curtailment of our aid programs will increase the pressures for resumption of such trade. A greater exchange of peaceful goods between east and west so far as it can be achieved without jeopardizing national security, and subject to our embargo on communist China and North Korea, should not cause us undue concern.

So far as trade in strategic goods is concerned, no question arises because that is prohibited, and that prohibition will remain as long as circumstances remain as they are at present. But we should do our best to agree as to what is to be included on that list. So far as the proposals for trade in non-strategic goods are concerned, I suggest that each one of these can be considered on its merit, and that consideration will have to include, of course, our experiences in the past, to which allusion was made the other evening, and in regard to the risk of relying on such trade, and the fact that we should not deceive ourselves that we are likely to find in the Soviet union, for example, any considerable market at any time for Canadian agricultural products.

It is true that Soviet agricultural policy has, if not collapsed, at least been very disappointing to those who have been responsible for it, and it is true, according to our information, that there are shortages of agricultural products in the U.S.S.R. But I would remind the house that in the twenties, at a time when there was famine in Russia, the Soviet union of that day did not hesitate to export agricultural products to obtain the currency which they needed for their own industrialization. I believe we would be making an optimistic mistake if we expected the Soviet union to be a lucrative market for Canadian exports of that kind.

There is a paragraph, Mr. Speaker, from the Randall report which was submitted to congress the other day on the question of east-west trade, which I think is worth reading. That report contains this paragraph:

> It may well be, moreover, that more trade in goods for peaceful purposes would in itself serve to penetrate the iron curtain and advance the day when normal relationships with the peoples of eastern Europe may be resumed.

[Mr. Pearson.]

Sir Winston Churchill on February 25 last put this idea in somewhat more positive and indeed more optimistic terms when he said in London:

> The more the two great divisions of the world mingle in healthy and fertile activities of commerce, the greater is the counterpoise to purely military calculations. Other thoughts take up their place in the minds of men. Friendly infiltration can do nothing but good. We have no reason to fear it, and if communist Russia does not fear it, that in itself is a good sign.

I do not know if our optimism would go as far as that, but I think we will all agree that this problem of trade with the U.S.S.R. is a complex one except in so far as trade in strategic goods is concerned; and that proposals to this end should be considered by the government from the point of view of our own national interest which, in the case of the countries of the free world coalition, cannot be divorced from the collective interests of us all.

There were some other questions on Asia and the Pacific raised in the course of this debate. It was pointed out by more than one speaker that we should do what we can as a government and as a country to prevent or assist in the prevention of further aggressive communist conquests in that part of the world.

Yesterday the hon. member for Vancouver-Quadra (Mr. Green) asked me whether we would support the speech made in New York the night before last by the United States Secretary of State in respect of Indo-China. The hon. member quoted from that speech and I will put that quotation on the record a little more. On that occasion Mr. Dulles said:

> Under all the circumstances it seems desirable to clarify further the United States position.
>
> Under the conditions today, the imposition on southeast Asia of the political system of communist Russia and its Chinese communist ally, by whatever means, would be a grave threat to the whole free community. The United States feels that that possibility should not be passively accepted, but should be met by united action. This might involve serious risks. But these risks are far less than those that will face us a few years from now, if we dare not be resolute today.

That, of course, is a very important statement. As a government and as a parliament we should study it and find out what is involved in it before we are asked to commit ourselves either to unreserved support, or indeed to criticism of it. But I suggest this is not the time when we should be asked to line up behind it, ahead of it or against it, especially until we find out what is meant by the very important words "united action". We are, of course, taking steps to secure an analysis and explanation of what was meant by that particular statement.

I am sure we all agree there is a real danger in the extension at the present time of communist aggression in Indo-China.

There is also a danger of not supporting the existing Asian democracies as an obstacle to the extension of communism in Asia, about which so many fears have rightly been expressed. I believe that the basis of Asian security today is not only collective action against communist aggression of the kind that has been indicated, but the strengthening of Asian democracies and giving them all the support we possibly can.

Mr. Drew: I would like to ask the Secretary of State for External Affairs (Mr. Pearson) a question in direct relation to the point he has just made. Has the Secretary of State for External Affairs had an opportunity to consider the explanation given today by President Eisenhower of that very quotation to which the minister has just referred?

Mr. Pearson: Yes, Mr. Speaker, I read a press account of President Eisenhower's press conference, but I would suggest that before we take any stand on this matter, if any stand is required as regards this statement of United States policy, we should be quite sure we know in our minds the meaning of what Mr. Dulles said.

Mr. Knowles: Also the meaning of the clarification.

Mr. Pearson: The hon. member for Vancouver-Quadra in his speech yesterday once again brought to my attention the importance of Pacific security arrangements and the necessity for Canada participating in collective security arrangements in that region. The hon. member complained that I had pooh-poohed the importance of this matter in the past and did not seem to take it very seriously. I would like to refresh his memory for a moment, Mr. Speaker, by recalling debates we have had in this house on this very matter, and especially last February when I went with great detail into the reasons why at this time Canada's accession to membership in any of these Pacific security arrangements was not practical.

Since the last statement I made on this subject the ANZUS council has had another meeting, of which my hon. friend is no doubt aware, in Washington on the 9th and 10th of September last year, and the communique issued at the end of that council meeting included the following statement:

The council—

That is the ANZUS council.

—affirmed its readiness to consider any measure which would strengthen the defence of the area.

The Pacific area.

It unanimously—

That includes Australia and New Zealand.

—concluded, however, that to attempt to enlarge its membership would not contribute directly and materially to this end.

Soon after the council concluded its meeting Mr. Dulles had the following to say by way of comment on this point:

It is, however, unlikely that any one of these existing treaties—

The Pacific treaties.

—could itself be the framework for such development.

That is, a general security pact in the Pacific.

Indeed, before there can be much useful development by way of multilateral treaties there is need for the development, within the Pacific area, of a greater measure of international good will and a greater unity of purpose.

I suggest that the hon. member is not fair to the government when he suggests that we show no interest in this matter or are defaulting on our obligations to participate in collective security arrangements in the Pacific. Surely we have given evidence more than once of our interest in Pacific security which, as a matter of fact, is not separable from Atlantic security. But for us to try to barge our way into the ANZUS arrangement or any other Pacific security arrangement at this time would not be very good diplomacy in the face of the information that has been conveyed to us and, indeed, in the face of the efforts of the United Kingdom, whose efforts to join this organization have not been very successful. In that regard I might point out that United Kingdom interest in this matter is at least as great as ours because it has Asian and Pacific territory. Therefore I commend to the hon. member for Vancouver-Quadra this extract from Sir Winston Churchill's statement in the House of Commons yesterday when he was being pressed to make representations to the United States on another matter which he did not think would be successful:

Blunt refusals are very serious things. We do not in diplomacy, and even in relations with the most friendly and kindred allies, lead up to anything that may finish in a blunt refusal.

I hope my hon. friend will take my assurance that if we have any reason to believe that we would get anything but a blunt refusal in the expression of our interest in further Pacific security arrangements we would be glad to investigate the matter further.

Mr. Green: May I ask the minister a question? Has he explored the possibility of Canada becoming a party to the ANZUS treaty?

Mr. Pearson: Yes, we have, in Washington, as to the views of the United States government, and in Australia, as to the views of the Australian government, concerning the extension of the ANZUS treaty to include other states. I should think the statements I have just put on the record from the communique of the council and from Mr. Dulles would give the hon. member a clear-cut answer to any such explorations.

Mr. Green: Has the minister any alternative type of agreement to suggest?

Mr. Pearson: Well, Mr. Speaker, we are in continuous consultation with our friends in Washington and other places on this matter. The hon. member mentioned yesterday that Senator Knowland had recently proposed further discussions with respect to the broadening of these security arrangements. We were interested in that, and if the United States administration felt that would be a useful and wise thing to do at this time and we were invited, together with other countries, to participate in any discussions which were designed to bring about greater security in the Pacific, naturally we would give any such invitation the most sympathetic consideration. I cannot go any further than that now, nor do I think I should be asked to do so.

I come now to a subject that, while not the most important, has been the one raised most often in this debate, the question of the recognition of the communist government in China. I should like to say a few words on that subject to clear up the position of the government, if it needs clearing. Legal recognition is, as has already been pointed out in this debate, something you give for your own national advantage in your own national interest, which includes as the most important objective of all, maintaining and strengthening the peace. If, as has been pointed out this afternoon, recognition meant giving approval, if it were only a question of moral judgment, we should today, I suggest, have no diplomatic contact with communist countries—except the communist country of Yugoslavia which is in a very different category—in our own capital or at the United Nations. On this point of recognition Mr. Dulles, speaking the day before yesterday in New York, said:

> Generally, it is useful that there should be diplomatic intercourse between those who exercise *de facto* governmental authority and it is well established that recognition does not imply moral approval.

"Does not imply moral approval", he said. He went on:

> President Monroe, in his famous message to congress, denounced the expansionist and despotic system of czarist Russia and its allies. But he said that it would nevertheless be our policy "to consider the government *de facto* as the legitimate government for us." That has indeed been the general United States policy, and I believe that it is a sound general policy. However, where it does not serve our interests we are free to vary from it.

The Leader of the Opposition, speaking the other day on this point, said that recognition also means admission to the United Nations. Here is what he said:

> Do not let the Secretary of State for External Affairs or anyone else in the house suggest it can be otherwise.

Yet that is exactly what the hon. gentleman himself suggested on January 29, as found at page 1621 of *Hansard*. He said:

> Let us remember, of course, the distinction between recognition and entry into the United Nations. There seems to be confusion about that. Recognition simply means formal recognition of a government as the *de facto* government of the state with which we are prepared to do business. Whether or not we are prepared to do business with communist China is something still to be considered, but there is a vast difference between recognition and the entry of the government of communist China into the United Nations.

I suggest that the hon. gentleman was right on at least one of those occasions. But I do not think it matters very much whether or not it means entry into the United Nations. It is more of an academic question than otherwise at the moment. There are a good many members of the United Nations today who have recognized communist China and have not voted for her admission into the United Nations when that subject has come up. There are other states which have been recognized by practically every government in the world and are not members of the United Nations.

The Leader of the Opposition also said that he was "against recognition under present conditions and in the circumstances of today." That, Mr. Speaker, is exactly the position of the government and I think it explains what I meant when I said in Chicago that we were a little more careful in our attitude and, as I thought, more realistic than they were over there. We do not say, as has been said elsewhere, that we will "never" recognize the government now in authority in China. We have said that if conditions and circumstances change we will have another look at the matter. Surely that is only common sense. For as the Leader of the Opposition said, as found at page 3381 of *Hansard:*

> No one can say that anything is forever in this very uncertain world.

But then the Leader of the Opposition added that in my statement reported from Windsor I went further than that, and I suggest that I did not. He quoted the words attributed to me in a Canadian Press dispatch, and I am not quarrelling with its accuracy a bit. These were the words:

> If Red China adopts a conciliatory attitude at the Geneva conference, Canada might take a new look at this problem.

Then, I added, "Remember that conference is to be about Korea."

The Leader of the Opposition (Mr. Drew) then referred to what a reporter in Windsor called a summary of further observations and from this summary he built up the thesis that we were contemplating some kind of early recognition or some kind of deal at Geneva —I use that word not in any unparliamentary sense—which might bring about recognition. This summary, the words of which the Leader of the Opposition, as reported on page 3374 of *Hansard* for March 26, 1954, were mistakenly attributed to me—and I know that was accidental—reports me as having said:

> If the Reds are willing to give assurances that their aggression in Korea is a thing of the past and that they are ready to take an honest line in international affairs, he said, Canada must consider following Great Britain's lead in recognizing the Peking regime.

Well that summary, as summaries often do, gave a wrong impression if interpreted to mean that all the Peking government has to do at Geneva is to say, "We are sorry; we will be a respectable government in the future", and then we will recognize them. My own recollection, based on the notes I had, gives a somewhat different picture than the summary. I believe, however, that one indication of changed circumstances which would bring about, as I see it, another look by the government at this matter, would be an assurance, not merely by words, that the Chinese communist forces were willing to withdraw from Korea and agree to a peace settlement in Korea in accordance with the principles laid down by the United Nations. The end of aggression in Indo-China would be another such indication.

The Leader of the Opposition was very sceptical, and I am not quarrelling with him on this, about the value of any assurances from communists. After some experience in the matter I am inclined to agree that verbal or written assurances from that quarter are very often worthless. But, Mr. Speaker, I had in mind the kind of assurance that the member for Prince Albert was no doubt talking about when he gave the government this advice in referring to the Geneva conference. I am quoting from page 3340 of *Hansard* for March 25, 1954:

> I think Canadians will expect that the minister at the Geneva conference . . . will demand the fullest assurances that aggression will be banished by it.

It is that kind of assurance that might make it possible for us to have a new look at this question.

Meanwhile the fact is, Mr. Speaker, that we are going to deal with and to negotiate with this Chinese government at Geneva at a political conference. In doing so we are merely recognizing the facts of the present situation. Mr. Eden was quoted by the Leader of the Opposition the other day as saying that the decision to recognize communist China is eventually inescapable. I will not go as far as that. I do not know. But the necessity of dealing at Geneva with this government is certainly inescapable. That is the reason we are going to Geneva.

The other night the Leader of the Opposition suggested that British policy on the recognition of communist China was that of the Labour government and not necessarily that of the United Kingdom as a whole. He felt that some statements of Mr. Eden's supported that point of view. I suggest that that is not a historically accurate portrayal of the situation because the leader of the Conservative party, shortly before recognition was given on November 17, 1950—Mr. Churchill, as he then was—said that diplomatic relations should be established with the communist regime. The Conservative party, as a party, did not oppose the Labour government of the day in London when it announced its decision.

So far as Canada is concerned, Mr. Speaker, we will not act at Geneva, I hope, in a way which would betray national honour, national interests, or our hopes for peace. We are going there, so far as Korea is concerned, to convert an armistice into a peace. We have a United Nations resolution for that purpose which, as I suggested the other day, will be our instructions on this matter.

It has been said by more than one hon. member of the opposition that we have adopted a different attitude in respect to Indo-China. We were asked why we did not show a more active interest in the Indo-Chinese problem, which is possibly as important to the peace of the world as the Korean problem. I suggest, Mr. Speaker, that there is a very real difference between the two positions in so far as Canadian participation,

if not Canadian interests, is concerned. We have been invited to Geneva, as a member of the United Nations with forces participating in Korea, to help bring about a peace settlement. The text of the invitation makes that quite clear, and I shall read it:

> In accordance with the proposal agreed upon at a meeting of the foreign ministers of the United States, France, the United Kingdom and the Soviet union, February 18, 1954, and announced in the enclosed communique of the same date the government of the United States has the honour to extend to the government of Canada an invitation to participate, if it so desires, in the Korean political conference to be convened at Geneva on April 26.

In so far as the Indo-Chinese aspect of this conference is concerned, the communique of the foreign ministers in Berlin has this to say. They are agreeable that the problem of restoring peace in Indo-China will also be discussed at the conference, to which representatives of the United States, France, United Kingdom, Union of Soviet Socialist Republics, Chinese People's Republic and other interested states will be invited. Our position here is, however, entirely different. We have not been invited to take part in the Indo-Chinese discussions. There was a basis for our invitation to the Korean peace conference because we are a participating power in the Korean operation. It might be a quite different situation in so far as Indo-China is concerned.

It may well be that those most immediately concerned will want to keep that conference restricted to those who are actually concerned with Indo-Chinese operations.

Mr. Fulton: Would the minister be kind enough to read that communique again, because it does not seem to be capable of the interpretation he is putting upon it.

Mr. Pearson: It says they are agreed that the problem in Indo-China will also be discussed at the conference—that is the Korean conference—to which representatives—that is to the Indo-Chinese discussion—to which representatives of the United States, France, United Kingdom, Union of Soviet Socialist Republics, Chinese People's Republic and other interested states will be invited.

Mr. Fulton: That surely refers to the Korean conference.

Mr. Pearson: It has been made quite clear to us that "the interested parties" refers to those who may be invited to the Indo-Chinese talks. If we are invited we shall play as active a part as we can. However, if it appears to be in the best interests of settling the problem that the discussion be restricted to the four or five countries immediately concerned, I do not think it would serve the best interests of peace to press for an invitation.

In the process of negotiations at Geneva, concessions of some kind may be necessary on both sides to reach any solution. For instance, if some concessions had not been made and some compromise had not been reached at Panmunjom—a compromise upon which the United Nations did not desert its principles—we would have had no armistice at all and no peace negotiations could even be attempted in Geneva. No one I assume opposes or opposed at the time the armistice, and no one in this house opposes the invitation to the Geneva conference. It may be that the hon. member for Prince Albert has some mental reservation about the wisdom of this conference. He is quoted as having said in Toronto, according to the Toronto *Globe and Mail* of March 9, that the Red Chinese attendance at the conference in Geneva is a victory for Russia. I suggest, Mr. Speaker, that that is not the case; because China will not be in Geneva as one of the five great powers, or after recognition, or even as an inviting power. Indeed, it is hard to imagine Mr. Dulles, Mr. Eden or Mr. Bidault agreeing to a proposal for a conference at Geneva, if it were a victory for Russia.

Red China will be at that conference in Geneva because we cannot negotiate a peace in Korea without her attendance. Whether we can do it with her attendance remains to be seen.

On February 2, 1951, I said in the house, referring to the Chinese communists:

> They should not think that they can bludgeon or blackmail their way into recognition or the United Nations.

I still feel that way, and also feel that Peking should not be granted diplomatic recognition merely because they signed an armistice in Korea or have agreed to go to a conference in Geneva. But that does not mean that we will not negotiate with this government now in authority in China, when we should do so, or with any other communist government when it is necessary to do so.

We have accepted this invitation, and I hope the Canadian delegation will not follow any course at Geneva or take any action there which would justify the gloomy forebodings expressed last Friday by the Leader of the Opposition, based upon impressions—and as I see it erroneous impressions—that he had received from press quotations. We are not carrying an umbrella to Geneva, nor are we brandishing a bomb either.

Last Friday some pretty violent language was used in respect of some who will be

attending this conference. Communist leaders were called thieves and murderers, and there was talk about compromising with the devil. There was talk about the extermination of these tormentors and betrayers of humanity.

I am not sure that very much is gained by this kind of talk on the eve of a meeting, the invitation to which we have accepted and which, after all, cannot achieve anything positive except by some kind of agreement after negotiation with these people.

Then, having painted a pretty black picture of what we are up against, the leader of the official opposition surprised me by saying also—

Mr. Drew: Mr. Speaker, the Secretary of State for External Affairs is not suggesting that those words he quoted are mine, is he? The ones with regard to thieves referred to China, which has our ships; and they are stolen.

Mr. Pearson: I did not identify those words with any particular member in the house. The Leader of the Opposition did mention thieves and murderers.

Mr. Drew: With regard to the Ming Sung ships.

Mr. Pearson: He was talking about communists in China, and he did mention the danger of dealing with the devil in respect of communist negotiations.

Mr. Drew: But the other words are not mine. I just wish to make that clear.

Mr. Speaker: Order. Does the minister wish to continue, or shall we declare the motion carried?

Mr. Coldwell: Why not finish now?

Mr. Pearson: If I can have five minutes I could finish.

Mr. Speaker: A messenger from the Senate has just come to the door.

Mr. Coldwell: Why can that not wait?

Mr. Harris: On one point of order, Mr. Speaker, would it be the desire of the house to continue, and to finish this debate when we come back from the Senate rather than continue it later?

Some hon. Members: Agreed.

Mr. Drew: Mr. Speaker, I think we had better follow the usual procedure.

THE ROYAL ASSENT

A message was delivered by Major C. R. Lamoureux, Gentleman Usher of the Black Rod, as follows:

Mr. Speaker, the Right Honourable the Deputy Governor General desires the immediate attendance of this honourable house in the chamber of the honourable the Senate.

Accordingly, Mr. Speaker with the house went up to the Senate chamber.

And being returned:

Mr. Speaker informed the house that the Deputy Governor General had been pleased to give, in Her Majesty's name, the royal assent to the following bills:

An act respecting the Dominion Fire Insurance Company.

An act respecting Commerce Mutual Fire Insurance Company.

An act to amend the Emergency Gold Mining Assistance Act.

An act respecting the export and import of strategic and other goods.

An act to establish an account for the replacement of government property lost, destroyed or damaged through fire.

An act for granting to Her Majesty certain sums of money for the public service of the financial year ending the 31st March, 1955.

An act for granting to Her Majesty certain sums of money for the public service of the financial year ending the 31st March, 1954.

BUSINESS OF THE HOUSE

Mr. Harris: Tomorrow we shall go on with this debate and then the Criminal Code. It may be that the Minister of Justice will find it desirable to ask that certain sections stand. When they have all been disposed of, either by having been passed or having been allowed to stand, we shall then take supply, the Department of Public Works. But on Friday we shall return to the Criminal Code for whatever part may not be disposed of tomorrow.

It being ten minutes after six o'clock, the house adjourned, without question put, pursuant to standing order.

HOUSE OF COMMONS

Thursday, April 1, 1954

The house met at 2.30 p.m.

COMMITTEES OF THE HOUSE

Fourth and fifth reports of standing committee on miscellaneous private bills.—Mr. Hunter.

Second report of sessional committee on railways and shipping owned, operated and controlled by the government.—Mr. Cavers.

CANADIAN NATIONAL RAILWAYS

REFERENCE OF ESTIMATES TO COMMITTEE OF SUPPLY

Hon. Douglas Abbott (Minister of Finance) moved:

That votes Nos. 465, 469, 474 and 475 of the estimates for 1954-55 approved and reported upon this day by the sessional committee on railways and shipping owned, operated and controlled by the government, be referred back to the committee of supply.

Motion agreed to.

QUESTIONS

C.B.C. EMPLOYEES—TRIPS ABROAD

Mr. Thatcher:

1. Did any employees of the Canadian Broadcasting Corporation visit countries outside of Canada during the past two years?
2. If so, what expense was incurred?
3. What countries were visited, and what was the purpose of such visits?

Mr. McCann:

1. Yes.

2. $86,583.57.

3. (a) United States, Great Britain, France, Germany, Italy, Spain, Norway, Finland, Korea, Jamaica, Mexico, and South America.

(b) Broadcasting coverage such as that of the coronation, activities of Canadian forces in Korea and Europe, Olympic games, royal tour, United Nations, international conferences, etc.; business with outside broadcasting organizations on exchange of programs, etc.; negotiations of arrangements with outside networks for commercial programs; exchange of information on broadcasting developments and consultation regarding matters of frequencies; attending international conferences; procurement of equipment; special training of personnel; and the gathering of information necessary for the corporation.

C.B.C.—PRESS AND INFORMATION DIVISION

Mr. Thatcher:

1. What was the cost of operating press and information division of the Canadian Broadcasting Corporation for the fiscal year ending March 31, 1953?
2. How many employees does this division have?
3. In what cities are they located?
4. What is the purpose and function of this division?
5. Does it supply free mats or cuts to newspapers and, if so, for what reason?

Mr. McCann:

1. $370,584 for sound broadcasting and television services.

2. Stenographic and clerical—42; others—33.

3. Vancouver, Winnipeg, Toronto, Ottawa, Montreal and Halifax.

4. The purpose of the press and information division is to provide information on the programs and activities of the corporation to publications, organizations, the broadcasting industry, and the public in general. This includes the following functions: writing or editing general publications, and also extension type publications used in connection with certain broadcasts as supplementary material; writing and editing C.B.C. *Times;* maintenance and supervision of C.B.C. reference libraries; replies to audience mail; dealing with requests for general, and specific, information on C.B.C. activities; supervision of reception and information desks and receiving telephone calls for general information; arranging and conducting studio tours for individuals and groups; arranging for speakers on C.B.C. activities for clubs and other organizations; ordering and circulating magazines, periodicals, newspapers and books required by C.B.C. specialist and other staff; handling details in connection with audience programs such as printing of tickets and distribution; writing and distribution of national and regional news stories on C.B.C. programs and activities; supplying journalists and feature writers with information on C.B.C. programs, including biographical information and photos of artists and performers; providing daily newspapers with program schedules of C.B.C. stations; planning and writing all microphone announcements of C.B.C. programs; providing affiliated private stations with information on network programs; meeting individuals, and groups, representing the press to supply information on C.B.C. programs and activities;

arranging for and supervising the printing of C.B.C. publications, including pamphlets and booklets of information; maintaining records of information on sound broadcasting and television not normally available from other sources.

5. Newspapers are not supplied with cuts. Some newspapers which have requested the service are supplied with limited mat service at no charge. The main purpose of this service is to provide newspapers with illustrative material which directly or indirectly calls the attention of readers to Canadian artists featured, or participating, in C.B.C. radio or television programs.

FRENCH NATIONALS IN CANADA CONVICTED IN FRENCH COURTS

Mr. Stewart (Winnipeg North):

1. Are there any French nationals now resident in Canada who have been convicted in the French courts of treason or of collaboration with the German occupying forces?
2. If so, how many and who are they?
3. How many, if any, entered the country illegally and have now been permitted to stay?
4. How many have applied for Canadian citizenship?
5. How many have been granted Canadian citizenship?

Mr. Harris:

1. Yes.

2. The department knows of the following:
Dr. Andre Charles Emmanuel Boussat,
Jean Louis Huc,
Julien Gaudens Labedan,
Dr. Georges Benoit Montel,
Michel Lucien Seigneur.

3. All the above named. Copies of the orders in council under which they were landed were tabled in the House of Commons on the 11th day of March, 1949.

4. Four.

5. Three.

R.C.A.F., SASKATOON—REFRIGERATORS, ETC.

Mr. Diefenbaker:

1. How many electric refrigerators, deep freeze units, etc., have been purchased and delivered to the Royal Canadian Air Force station at Saskatoon, Saskatchewan, in each of the years 1952 and 1953?
2. What were the brand names or trade names of each of such units, from whom were they purchased and at what prices?
3. Were any of said units removed in either of said years?
4. If so, how many and for what reason?

Mr. Blanchette:

1. Refrigerators: 70 in 1952 and 100 in 1953; Deep freeze units: 1 in 1952 and 1 in 1953.

2. This type of equipment is generally purchased in quantity through the Department of Defence Production and stored in R.C.A.F. supply depots until issued and this was the case with 158 units. It is not possible without tracing each unit back through each step from final issue to original procurement to ascertain from whom and at what price specific refrigerators were originally purchased.

Twelve Admiral refrigerators were purchased in 1953 through the Department of Defence Production at McMullen Supplies Limited, Ottawa, at a cost of $154.76 each, and these units were shipped direct to R.C.A.F. station, Saskatoon, to meet an immediate requirement.

The two deep freeze units were purchased locally through the local offices of the Department of Defence Production. A Home Freezer Company deep freeze was purchased from Ward Electric in Saskatoon at a cost of $528.40. An 8-door reach-in cooler was purchased from Ashdown Hardware in Saskatoon at a cost of $475. These are in use in the station's kitchen.

3. No.

4. Not applicable.

IGOR GOUZENKO—APPEARANCE ON U.S. TV PROGRAM

Mr. Fulton:

1. Did the Canadian government, or anyone on behalf of Canada, concur in arrangements for Igor Gouzenko to appear on a TV program with Mr. Drew Pearson on an American network?
2. Did the Canadian government, or anyone on behalf of Canada, take any part in making, or express any opinion as to the nature of, any such arrangements?
3. If so, to what effect?

Mr. Garson:

1. No.

2. Neither the Canadian government nor anyone acting on behalf of Canada took any part in making such arrangements or expressed an opinion as to the nature of such arrangements.

3. Answered by No. 2.

NATIONAL GALLERY—INFORMATION SERVICE

Mr. Richard (Ottawa East):

1. Has the national gallery of Canada any information service?
2. If so, is such service bilingual?
3. If not, does the national gallery apply to the information division of the Department of Citizenship and Immigration?
4. Is the national gallery making further use of the said division in order to keep the public informed on its activities?

Mr. Harris:

1. No, not as such.

2. See answer to No. 1.

3. Yes.

4. Yes.

COAL SUBVENTIONS—NOVA SCOTIA AND NEW BRUNSWICK

Mr. Brooks:

1. What amount was paid by the federal government in coal subventions to coal operators of (a) Nova Scotia; (b) New Brunswick, for the years 1950 to 1953 inclusive?

2. What proportion of the amount paid to Nova Scotia operators was for coal shipped for use in New Brunswick?

3. What proportion of the amount paid to New Brunswick operators was for coal shipped for use in Nova Scotia?

Mr. Prudham:

1.

(a)

Nova Scotia

1950	$ 1,005,437.70
1951	3,074,465.83
1952	5,194,287.78
1953	6,101,713.82
	$ 15,375,905.13

(b)

New Brunswick

1950	$ 1,938.93
1951	2,633.64
1952	3,780.16
1953	7,852.84
	$ 16,205.57

2. Nil.

3. Nil.

It will be noted that in the case of shipments via rail, payment of subvention is made to the railway on which the shipment originates.

FIRST AND SECOND WORLD WARS—EXPENDITURES

Mr. Boisvert:

What was the total cost in dollars, to Canada, for (a) the first world war; (b) the second world war?

Mr. Abbott: See parliamentary paper No. 198, tabled March 4, 1954.

SPEECHES BY MINISTERS OF THE CROWN

Mr. Hamilton:

1. For the years 1947-1953 inclusive:

(a) How many speeches and statements by ministers of the crown have been made available in printed or mimeographed form for free public distribution on request?

(b) What has been the total number of copies of such speeches distributed without charge, including the above public distribution and for press, radio and all other purposes?

2. For each of the following publications listed in the 1953 catalogue of the queen's printer:

(a) What is the title?

(b) How many copies were printed?

(c) What is the price?

(d) How many copies have been sold at this price?

(e) How many copies have been distributed without charge?

Bulletins of the biological board of Canada No. 54.
Journal of the fisheries research board of Canada—
Volume VI, No. 3, pp. 281-290; No. 4, pp. 349-350; No. 6, pp. 419-434.
Volume VII, No. 4, pp. 169-175; No. 9, pp. 561-562.
Publications of the dominion observatory—
Volume 1, No. 6; No. 13.
Volume 11, No. 8.

Mr. Pickersgill:

1. (a) and (b). No statistics are kept in most government departments from which it would be possible to give an answer to this question.

2. Order for return.

FARM IMPROVEMENT LOANS ACT—APPLICATIONS FROM NEW BRUNSWICK

Mr. Robichaud:

1. How many applications were received from New Brunswick under the Farm Improvement Loans Act, 1944, for each of the years 1951, 1952 and 1953?

2. How many loans were granted for each of the years above-mentioned and what was the total amount for each year?

Mr. Abbott:

1. Not of government record. Applications are made to the chartered banks who grant the loans. If loans are not granted the Department of Finance is not advised.

2.

Calendar year	No. of loans	Amount
1951	655	$696,750.78
1952	866	926,499.14
1953	896	925,977.28

VETERANS BUSINESS AND PROFESSIONAL LOANS ACT—APPLICATIONS FROM NEW BRUNSWICK

Mr. Robichaud:

1. How many applications were received from the province of New Brunswick under the Veterans Business and Professional Loans Act, for each of the years 1951, 1952 and 1953?

2. How many loans were granted for each of the years above mentioned and what was the total amount for each year?

Mr. Abbott:

1. Not of government record. Applications are made to the chartered banks who grant the loans. If loans are not granted the Department of Finance is not advised.

2. Fiscal year

ended March 31(x)	No. of loans	Amount
1951	16	$30,830
1952	11	24,450
1953	7	9,223

Note: The records of these loans are maintained on a fiscal year basis.

NATIONAL DEBT

Mr. Boisvert:

What was the total national debt of Canada in (a) 1913; (b) 1919; (c) 1939; (d) 1945?

Inquiries of the Ministry

Mr. Abbott:

March 31	Net debt of Canada
1913	$ 314,301,625.68
1919	1,574,531,032.44
1939	3,152,559,314.48
1945	11,298,362,017.77

QUESTION PASSED AS ORDER FOR RETURN

FAMILY ALLOWANCES AND OLD AGE PAYMENTS—QUEBEC

Mr. Boisvert:

What was the amount paid to the province of Quebec from 1945 to 1953 inclusive for (a) family allowances; (b) old age security; (c) old age pension; (d) pensions to the blind; (e) pensions to the veterans?

Mr. Pickersgill: If the hon. member would amend this question to read "fiscal years 1945-1953 inclusive," it would facilitate answering it, and it could be made an order for return.

Mr. Boisvert: I agree that should be done.

Mr. Speaker: It is made an order for return, as amended.

NORTH ATLANTIC TREATY ORGANIZATION

INQUIRY AS TO ENTRY OF U.S.S.R.

On the orders of the day:

Mr. J. G. Diefenbaker (Prince Albert): I should like to direct a question to the Secretary of State for External Affairs. Has any offer been received or any suggestion been brought to the attention of the Canadian government that the U.S.S.R. would join NATO? What is the attitude of the Canadian government with regard to the rather grotesque provisos?

Hon. L. B. Pearson (Secretary of State for External Affairs): I have seen the text of the communication addressed to the foreign ministers of the United Kingdom, the United States and France by the foreign minister of the U.S.S.R. on this subject. It was not addressed to any other foreign ministers. In so far as the Canadian government's reaction is concerned, I may have a word or two to say about it when I conclude the debate.

PUBLIC WORKS

USE OF IMPORTED STEEL IN NOVA SCOTIA

On the orders of the day:

Mr. Clarence Gillis (Cape Breton South): Mr. Speaker, I should like to ask a question of the Minister of Public Works. Can the minister explain to the house the reason why German steel was recently landed at Yarmouth, Nova Scotia, to be used in connection with a public works project? I sent the minister evidence of this.

Hon. Robert H. Winters (Minister of Public Works): I am grateful to the hon. member for having sent me notice of his question, which I received a moment ago. The steel in question was transported by German ship, but I understand it was actually French steel, imported in the interests of economic and early delivery.

TELEVISION

RESTRICTED COVERAGE OF GENERAL FOODS PROGRAM

On the orders of the day:

Mr. F. E. Lennard (Wentworth): Mr. Speaker, I should like to ask a question of the Minister of National Revenue. Why did CBOT curtail televising the General Foods program last Sunday evening, when it was carried in full by Toronto, Montreal and every station on the continent of North America?

Hon. J. J. McCann (Minister of National Revenue): I shall take the hon. member's question as a notice and give an answer later.

NATIONAL DEFENCE

REPORTED SUPPLYING OF SABRE JETS TO GERMAN LUFTWAFFE

On the orders of the day:

Mr. A. M. Nicholson (Mackenzie): Mr. Speaker, I should like to ask a question of the Minister of National Defence. Has the minister's attention been drawn to a story in this morning's *Globe and Mail* to the effect that a large number of Canadian-built Sabre jets are bound for the German luftwaffe? Could the minister indicate how many planes, and the amount of money involved?

Hon. Brooke Claxton (Minister of National Defence): Mr. Speaker, the hon. member was good enough to give notice of his question. There is nothing whatever in the suggestion that "Canadian-built Sabre jets are destined for the reborn German air force" if, by that, is meant that any decision has been made to make Sabres available to West Germany.

When Canadian equipment is available for mutual aid, we inform the standing group of NATO, and the standing group recommends how the equipment should be allocated among the different NATO countries which may want it. The Canadian government then considers whether or not to accept the recommendation. All the Sabres so far made

available for mutual aid have been allocated in accordance with the recommendations of the standing group. The question of any allocation to Germany has never come up in any way for consideration. Neither the Department of National Defence nor any agency of the Canadian government has given even the most preliminary kind of consideration to making any class or kind of equipment available for Germany.

I should like to add a word about another statement in this dispatch because, taken from its context, it might give rise to a very serious misunderstanding. It says, "Senior R.A.F. officers frankly admit that they do not want Sabres". I do not know whether senior R.A.F. officers have said any such thing; but I should say this, that the article makes it perfectly clear and plain that, if they did say it, it is in no sense a reflection on the Sabre, but that it is in accordance with R.A.F. policy—or possible policy—of using their own aircraft, when they come into production on a large enough scale to enable them to do so.

I might add that the 370 Sabres we transferred to Great Britain were transferred at the urgent request of the then Labour government, and the chief of the air staff of the R.A.F. That request was supported by the Right Hon. Sir Winston Churchill, when he visited Ottawa in January of 1952, when he urged this upon me personally and other members of the government in the strongest possible terms.

The article makes the purpose of this quite clear when it says:

> The Canadian-built Sabre sent to the R.A.F. was interim assistance. They filled a dangerous void in R.A.F. fighter command at a time when Britain was woefully lacking first-line interceptor jets.

Now, with regard to the allocation of equipment that may become available for mutual aid, the Canadian government will continue to receive the advice of the standing group, and it will make up its mind what to do in the light of conditions existing at the time, so that the equipment may be best used to build up the strength of the North Atlantic treaty nations to resist aggression and to ensure a continuing peace. And the obvious necessity of continuing to meet this objective has been made very plain—indeed plainer than ever—by the events of the last few days.

Mr. Fulton: May I ask a supplementary question of either the Minister of National Defence or the Secretary of State for External Affairs (Mr. Pearson). Has any decision in fact been taken either by the NATO powers or by the allies and/or the occupying powers in Germany to revive the luftwaffe, or any other form of German air force?

Mr. Claxton: The agreement to end occupation, which was signed in May of 1952, provides for limited rearmament of Germany on a scale that is there spelled out; and the North Atlantic council has passed a resolution to associate NATO with EDC if and when that is brought into effect, and in consequence of the arrangement being ratified. At the present time there is no provision for any West German force, except as permitted by the occupying powers.

Mr. Fulton: That does not include an air force.

Mr. Claxton: That is correct today.

Mr. Fulton: No decision has been taken about an air force, has there?

Mr. Claxton: I think the agreement to end occupation does provide for a limited air force for tactical purposes.

GRAIN

REDUCTION IN RYE SHIPMENTS TO THE UNITED STATES

On the orders of the day:

Hon. W. Earl Rowe (Dufferin-Simcoe): Mr. Speaker, in view of today's press report that there is a substantial reduction in the shipments of rye to the United States, and that importations following June will be cut to three and a third million bushels where, formerly, we sold about nine million bushels, I should like to ask the Minister of Trade and Commerce if his department or the government is going to make any effort to have the matter reconsidered.

Right Hon. C. D. Howe (Minister of Trade and Commerce): The tariff commission brought down a decision some weeks ago to reduce the imports of rye from Canada to three million bushels odd, which was the average for the last five years of imports into the United States. This year the United States market has had to contend with abnormally heavy imports of twelve million bushels, and that arrived on the American market at a time when the American crop was unusually large. The recommendation of the tariff board was that the before-mentioned quota be applied indefinitely in the future.

I notice that the President, in his statement, said that he did not agree with the tariff board on that point, and that the quota will apply for the balance of this crop year, and for all of the next crop year, and then expire. After that a new hearing would be required before any further quota is applied.

Inquiries of the Ministry

Mr. Fleming: May I ask a supplementary question. If this quota is applied by the United States would it not constitute a breach of GATT?

Mr. Howe (Port Arthur): Yes, technically it would probably constitute a breach of GATT. But I do not think we are going to complain to GATT and make a major issue of a matter which this year would amount to $9 million worth of rye. It does not seem sufficiently important to call on the machinery of GATT.

UNEMPLOYMENT INSURANCE

INVESTIGATION BY COMMISSION CONCERNING LOST TIME

On the orders of the day:

Mr. Michael Starr (Ontario): Mr. Speaker, I should like to ask a question of the Minister of Labour. Will the minister inform the house whether the unemployment insurance commission has made a report on their endeavour to find a solution to the problem of an employee who loses one day each week in a normal five-day week, and if favourable consideration will be given to an employee receiving benefits for the one day lost through lack of available work.

Hon. Milton F. Gregg (Minister of Labour): I do not have the report before me. However, I shall take my hon. friend's question as a notice and try to answer at a later date.

SALES TAX

REQUEST FOR ELIMINATION OR REDUCTION

On the orders of the day:

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, may I direct a question to the Minister of Finance? In view of the reduction in excise taxes made by the United States, will the minister, if he has not already taken such action, give consideration between now and Tuesday night to the elimination or reduction of the federal sales tax?

Hon. Douglas Abbott (Minister of Finance): The minister considers everything at a time like this, but I would point out to my hon. friend, and he may or may not know it, that what he refers to as a reduction in excise tax made in the United States is so far only a suggested reduction.

Mr. Knowles: My question was a suggestion, too.

TRADE

SUPREME POWER SUPPLIES LIMITED—EXPORT PERMITS

On the orders of the day:

Right Hon. C. D. Howe (Minister of Trade and Commerce): Mr. Speaker, yesterday the hon. member for York West (Mr. Adamson) asked me whether or not Supreme Power Supplies Limited, of Mimico, had been refused an export permit for transformers and other goods for shipment to Latin America or to any other country.

My officers have advised me that in recent months no applications for export permits have been received from this company by the Department of Trade and Commerce. Perhaps if the company is having difficulty obtaining a permit, it is to obtain an import licence from a country in Latin America.

The last applications on record were for an export permit covering transformers in April 1951, and for a small shipment of steel to the United Kingdom in December, 1952. Both these permits were approved.

WATER POLLUTION

NORTH SASKATCHEWAN RIVER—INQUIRY AS TO PRESENT POSITION

On the orders of the day:

Mr. J. G. Diefenbaker (Prince Albert): I should like to direct a question to the Minister of National Health and Welfare. Is he in a position to give a report on the present position of the pollution of the waters of the North Saskatchewan river? What assurance has his officials received that there will be no repetition of the pollution in question?

Hon. Paul Martin (Minister of National Health and Welfare): I gave my hon. friend a very encouraging report a few days ago, but beyond that I cannot add anything now.

EXTERNAL AFFAIRS

REFERENCE OF ESTIMATES OF DEPARTMENT TO STANDING COMMITTEE

The house resumed, from Wednesday, March 31, consideration of the motion of Mr. Pearson:

That items Nos. 84 to 103 inclusive, of the main estimates, 1954-55, be withdrawn from the committee of supply and referred to the standing committee on external affairs, saving always the powers of the committee of supply in relation to the voting of public moneys.

Hon. L. B. Pearson (Secretary of State for External Affairs): Mr. Speaker, yesterday in the discussion, which I regret I was not able to finish at six o'clock, I tried to deal with some of the questions, indeed most of the questions, I think, that have been raised in the course of this debate. In so far as European questions were concerned I tried to emphasize yesterday that we on this side shared the anxiety of those on the other side about the rearmament of Germany; but we ask those who criticize the policy that is now

being pursued, to submit a better solution than that put forth by the European defence community, and to explain how, under the present division of the world between east and west, the present division of Germany between east and west, and in the light of the history of the years between the wars, it can be expected that we can keep Germany neutral or disarmed or both?

In so far as east-west trade is concerned, I said that while there are risks here and while expectations of benefits from this trade may be pitched too high, nevertheless all proposals for such trade in non-strategic goods should be examined on their merits, and in the words of President Eisenhower, increases in such trade "should not cause us undue concern."

In so far as the recognition of communist China was concerned, I tried to restate the government's policy, which is, to use the words used by the leader of the official opposition (Mr. Drew) in describing the policy of his own party, "non-recognition under present conditions and in the circumstances of today."

At the end of the sitting yesterday, Mr. Speaker, I was trying to emphasize that in the situation which confronts us today a continuing effort to negotiate outstanding problems is I think essential; otherwise we must admit the permanence, and the unbridgeable nature, of the division of the world. One way by which such an admission would become apparent would be the exclusion of all cominform states from the United Nations, and by converting that organization into an agency for the prosecution of our side of the cold war. I think myself that course would be profoundly wrong.

If this negotiation is to go on, from strength with strength, with wisdom—which includes a full realization of the conspiratorial forces we are up against, and an even more complete understanding of the price of failure —then I suggest that our diplomacy should be characterized by flexibility as well as by strength. We should not mistake flexibility for weakness, or rigidity for strength.

In his statement in the house the leader of the official opposition painted what I thought was a somewhat gloomy picture of what we are up against today, and I certainly do not take exception with him for the colour of the picture which he painted. But he also went on—and this somewhat surprised me—to say, at page 3372 of *Hansard:*

> The fact is that we are perhaps nearer the hope of lasting peace today than we have been for a very long time.

I think he found reason for that statement in the fact that we have now developed weapons so annihilating in character that no one will want to use them, and there will be a sort of uneasy truce in the world, based on a self-denying ordinance to that effect. To support that thesis he used the analogy of the decision of powers in recent wars on both sides not to use poison gas. This is an analogy which I think myself is not too well founded, because I have heard it stated by military experts that poison gas and bacteriological warfare were not used because such use was not likely to end the war by one quick, devastating blow, and because there were other agencies of destruction at that time more efficient for the purpose. I suggest that the situation is not the same now. In any event, can anyone get any real comfort, security, or assurance that we are really nearing lasting peace, from the prospect of two implacably hostile power groups facing each other in fear and animosity with their hydrogen bombs ready, each one of which would have a destructive force many hundred times greater than that bomb which killed 60,000 people at Hiroshima?

As the Leader of the Opposition himself said—and these words removed from my mind much if not all of the feeling of reassurance that the earlier words may have given:

> Someone may go beyond the controllable limit and thus send dangerous and deadly radiation throughout the greater part of the world. That is now a real and dreadful possibility.

He added:

> Some madman, cornered and hopeless, might employ this dreadful weapon.

And he went on:

> We should be seeking to prevent this frightful possibility.

I am sure we all agree with him on that. One way to do so is to keep strong and steady and united. Another is not to provoke unnecessarily a potential aggressor by driving him, maddened and hopeless, into a corner. The Leader of the Opposition followed the words which I have just quoted with these:

> . . . most of us share . . . a faith that always contemplates the possibility of a change in conduct, forgiveness and of the return to fellowship and decency of those who have offended against the laws of God and the laws of man.

I think we can also all agree with him on that, and I suggest that we should keep that idea in mind as we talk about retaliation as a deterrent and about liberation of the enslaved as a means of keeping their spirits alive. To counsel patience and persistence in negotiations is often termed appeasement, a word which is often thrown out to slur and frighten without any particular effort to understand its meaning. If appeasement

means betrayal of our friends and our principles for some selfish but illusory advantage, then I suppose the worst kind of appeasement is to promise something for this purpose that you cannot fulfil, to bluff when you would not be likely or able to act if your bluff were called.

Therefore there lies, I think, at least some danger from eloquent and emotional appeals to support a policy of liberation of the enslaved masses under communist rule by giving them comfort and encouragement for the good and valid purpose of keeping up their spirits, a policy which might, if not handled carefully, also raise dangerous hopes that we can do anything now by action to help them throw off the yoke.

During this debate, Mr. Speaker, we listened to thoughtful and, indeed, eloquent statements by the hon. member for Vegreville (Mr. Decore) and the hon. member for Dauphin (Mr. Zaplitny) relating more particularly to one enslaved people, the Ukrainians, and the desire on their part, a desire which is shared by all of us, that one day they may again be free. I know it is the last thing these hon. members would have in mind that hopes should be held out which could not be immediately fulfilled and, indeed, they both made that point in their statements.

On this question of liberation Mr. George Kennan, former counsel for the United States state department, uttered what I think were wise words at Princeton University on March 30. He said:

> . . . containment and liberation are only two sides of the same coin and both part of a greater problem—the problem of how the behaviour of this nation—

He was speaking about his own country.

> —is to be so shaped as to command the hope and confidence of all those who wish us well, and the respect of all those who do not, whatever side of the curtain they may be on.

There is also, I think, the same kind of danger in emphasizing the policy of retaliation as a deterrent to aggression in a way which would give the impression—and Mr. Dulles himself has pointed this out—that every kind of aggressive communist action will be met by instant and overwhelming retaliation by all means at our disposal when in the event we may have to limit the nature of such reaction in certain circumstances because otherwise it would precipitate world war III. This difficulty and dilemma, and it is a dilemma, explains why we have to increase and strengthen consultation among friends, especially using the North Atlantic Treaty Organization council for that purpose.

That brings me, Mr. Speaker, to the final subject with which I wish to deal and which

was brought up by so many speakers in the course of this debate. I refer to the question of consultation between friends. The Leader of the Opposition (Mr. Drew), as found at page 3372 of *Hansard*, said in reference to myself:

> He left us with the impression that massive retaliation would not occur without consultation.

But if he would read in *Hansard* what I said on page 3330 he would not feel that way because I used these words:

> That word—

I was talking about the word "instantly".

> —in connection with the strategy we are discussing, involves no problem, as I see it, if there is a direct attack on your own territory, or indeed possibly on the territory of your neighbour, because then it becomes a question of self-preservation and quick, effective, and instant action is essential and would be taken by any country attacked. No one, I believe, would take exception to that.

The hon. member for Kamloops (Mr. Fulton) in his statement said that he was not able to get very much reassurance from any clarification or explanation which had been made in recent days of this doctrine of instant retaliation as a deterrent to aggression, and which was most recently put forward by Mr. Dulles on January 12. Indeed, the hon. member for Prince Albert (Mr. Diefenbaker) expressed the same doubts when he asked the question whether we did not have a right to more assurances than answers given by the Secretary of State in Washington at a press conference.

Well, Mr. Speaker, we have more assurances than that. We have them in the statement made by the Secretary of State before congress, and in answers to questions there, where he did say very frankly—and I confess that it was from these statements that I took some reassurance—that on every possible occasion there would be consultation among friends before action of the kind he was indicating would be taken. We know that he will do his best to carry that out.

It may be that we have not complete reassurance; it may be we will never be able to get complete reassurance in this matter. My own view is well expressed by a paragraph from an editorial in a Regina paper which I read yesterday and which reads:

> The clouds of concern may not be entirely cleared away by this reassurance. But what Mr. Dulles told the Senate committee should help considerably to allay the uneasiness within the western coalition.

The machinery of consultation can never work perfectly in a coalition of free states, but we can hope that it will be made to work as effectively as possible, and I believe that the events of the last two or three weeks have given us some additional hope in that regard.

The hon. member for Eglinton (Mr. Fleming) in his statement made a remark with which, in the sense in which he made it, I am sure no one in the house will disagree when he said, when speaking about consultation and decisions made outside this country, that "Canada's foreign policy will be made right here under this roof." In one sense of course he is completely right, but in another sense I suggest that that statement is unrealistic, if I may use that word, unless we wish to withdraw from the coalition and go it alone, which I am sure none of us do. Even if we did withdraw from this coalition our decisions made under this roof would certainly be influenced by the decisions of others, especially in Washington. Indeed, in this year of grace I suggest that no government and no parliament can make its own foreign policy decisions exclusively under its own roof, not even the government in Washington. That is why it is so important that members of the coalition consult and work together.

We can decide our own policy at times as much by convincing our friends about the rightness or wrongness of a course of action as by convincing ourselves. That is one reason why the remarks and arguments of any Canadian minister with any responsibility in the field of external relations will often have to be directed outside his own country. It is also one reason, I think, why any foreign minister in the commonwealth or in the NATO coalition has to spend so much of his time outside his own country.

I was asked this afternoon by the hon. member for Prince Albert whether I was in a position to say anything about the new Soviet proposal for European security in so far as the reaction of the Canadian government to it is concerned.

As I indicated at the time, this proposal was directed by the Soviet foreign minister to the foreign ministers of the United Kingdom, the United States and France. As I have already indicated, I have seen the text of it, and since I have been asked many questions, possibly I should say just a word about it. This proposal, as I understand it, and there has not been much opportunity for very careful study of it as yet, has a direct relationship to the North Atlantic Treaty Organization and is of considerable interest to all the members of that organization. Therefore, I assume that the questions with which it deals will be discussed at the forthcoming meeting of the North Atlantic council. That, I believe, is the appropriate forum for international consultation on this matter in so far as international consultation is concerned. But I can say this at this time that no one, I am sure, desires to reject any proposal out of hand which has any chance of bringing about good results.

In my view nothing could be more serious or more dangerous than a more or less final acceptance of the failure of man's ability to communicate with man, across whatever barriers—be they social or political—or whatever curtains—be they of metal, or propaganda, or tradition—may exist today. In a world of hydrogen weapons, genuine misunderstandings, if they become hardened into a despondent belief on either side that sincere negotiations were impossible, could have nothing but tragic consequences for everybody.

Having said that, Mr. Speaker, I should add this. While the west cannot afford to reject out of hand and without consideration any serious proposals for settlement that the Soviet union may propose, it is equally obvious that we cannot afford to fall into propaganda traps. Both the timing and the substance of the new Soviet proposals suggest that they may be designed chiefly to cause a delay in the ratification and implementation of the treaty to establish the European defence community. As has already been made abundantly clear, the Canadian government supports that project and hopes that it will be implemented without delay. The west cannot afford to put off decisive acts which are necessary for our own self-defence merely in exchange for Soviet words or promises.

Falling into such an obvious trap would, of course, be dangerous. We must be prepared to examine Soviet proposals and to negotiate patiently whenever there seems any prospect that negotiations may prove fruitful, but we must do this while maintaining, until they are shown to be unnecessary, policies which we have adopted with our friends as being needed for our collective defence.

Certainly at first sight the Soviet suggestion that they join NATO seems to be a somewhat surprising and indeed an almost disingenuous one. The North Atlantic Treaty Organization is based on mutual trust between governments and peoples who share many fundamental aspects of a common civilization, and who have demonstrated their desire and ability to work together. Moreover, the North Atlantic Treaty Organization is more than a military alliance. It is more than a collective security organization.

It is worth remembering, also, that we and the Soviet union and all the members of the North Atlantic Treaty Organization belong to a universal collective security organization in the United Nations, and if the Soviet

union is now prepared to make this organization effective we should certainly welcome that and the possibilities for co-operation in this field. The universal basis is there, and has been there since the United Nations was founded.

To the extent that we can have confidence in our ability, through the United Nations, to make war impossible, the defence aspects of NATO become less important. If the danger of aggression is entirely removed, then the defence aspects of NATO become unnecessary and could be replaced by a United Nations arrangement.

We in this government have never, I believe, concealed our view that the military alliance aspects of NATO are a second-best, a regrettable, and we hope a temporary necessity. Our real objective, and this applies, I am sure, to all hon. members in this house, is and has been to secure a safe and peaceful world, with collective action in all fields and international co-operation generally organized through the United Nations. Certainly that objective is far from being achieved or even approached at the present time. Therefore, surely it would be folly for us to lower our guard so long as the present danger exists.

I am not asserting that the professed Soviet desire in this proposal to join with the west in effecting arrangements for collective security is completely insincere. I do not know. I may perhaps be giving hon. members a somewhat pessimistic first interpretation, though this seems to be justified by the proposal itself and the experiences we have had.

But I think one can be pretty sure of this, that it would be fatuous to suppose, after the events of the last ten years, and while millions of people in Europe are held in subjection, that the fears and suspicions which Soviet actions have engendered in the minds of most of us west of the iron curtain will be easily or quickly removed by a few diplomatic notes. These fears were indeed engendered not by words but by deeds.

But it would be equally wrong and dangerous to think that the suspicions and fears which at present divide the world can never be overcome. If the Soviet rulers are sincere in their desire for collective security, then I am confident that they will not find the governments and peoples of the western democracies unwilling to listen to any serious overtures they may make. We will persist in our determination to meet any genuine overture for peace halfway, and indeed more than halfway.

[Mr. Pearson.]

I read these words the other day, Mr. Speaker, and I would like to conclude my statement with them. I quote:

> Those who are prone by temperament and character to seek sharp and clear-cut solutions of difficult and obscure problems, who are ready to fight whenever some challenge comes from a foreign power, have not always been right. On the other hand, those whose inclination is to bow their heads, to seek patiently and faithfully for peaceful compromise, are not always wrong. On the contrary, in the majority of instances they may be right, not only morally but from a practical standpoint. How many wars have been averted by patience and persisting good will! Religion and virtue alike lend their sanctions to meekness and humility, not only between men but between nations. How many wars have been precipitated by firebrands! How many misunderstandings which led to wars could have been removed by temporizing! How often have countries fought cruel wars and then after a few years of peace found themselves not only friends but allies!

Those words, Mr. Speaker, were written by one who has never been considered naive, soft, or indeed especially meek. Those words by Sir Winston Churchill provide a good and wise guide for the conduct of the foreign policy of Canada, both at the forthcoming Geneva conference and in the critical times ahead.

This debate, Mr. Speaker, which now ends, will also be of real assistance to the government in this regard. It has provided both spurs to and brakes against action, and has also indicated, I believe, that the broad objectives and underlying principles of our foreign policy are generally approved both in this house and by the country.

Motion agreed to.

CRIMINAL CODE

REVISION AND AMENDMENT OF EXISTING STATUTE

The house resumed, from Monday, March 15, consideration in committee of Bill No. 7, respecting the criminal law—Mr. Garson—Mr. Robinson (Simcoe East) in the chair.

The Chairman: I believe the understanding is that I shall call group 3 first. Clause 134.

On clause 134—*Instruction to jury.*

Mr. Diefenbaker: When this matter was up for discussion originally I brought to the attention of the minister the requisite that has been part of the common law of Britain and also a rule of practice, with the authority of repeated precedent behind it, that it would be dangerous to remove the requirement that the jury should be directed that it is unsafe to convict on charges of this type unless the evidence of the prosecutrix is corroborated in some material particular. That has always been the law and it has been based on experience of generations of law and justice. It

has been incorporated into the laws of practically all countries which have as their basis the common law of England. I asked the minister whether or not consideration would be given to its continuance in the code. In view of the fact that corroboration is now required under statute in so far as certain sections of the code are concerned, I pointed out that it would be tantamount, in my opinion, to giving the strongest possible support to this view. The fact that no reference is made to it in the section in question would indicate that parliament had intended that the direction heretofore given by judges in their charges to the jury and required to be given would be no longer necessary.

Mr. Garson: I think perhaps my friend the hon. member for Prince Albert has been thinking of the law of England when he states that the law requires that the court's direction in a charge of indecent assault must be that it is not safe to convict upon the uncorroborated evidence of the prosecutrix. In Canada that has not been the law. The Canadian law has not been the same as the British law. In proof of this I would refer my hon. and learned friend to the case of Cullen *v.* the King, 1949, Canadian Criminal Cases, 337, where he will see in the judgment of Mr. Justice Locke of the Supreme Court of Canada an indication of that court's opinion, put in these words:

> As to those portions of the charge dealing with the necessity for corroboration, the learned trial judge was clearly in error. There was in law no necessity for corroboration but, had there been . . .

And Mr. Justice Locke then goes on to indicate the evidence which constituted corroboration.

Mr. Diefenbaker: What was the nature of the case?

Mr. Garson: It was a case of indecent assault. I agree with my hon. friend that what we are doing now is to provide what we think should be the law from this point on. After careful consideration of the point which my hon. friend had raised on a previous occasion, we have come to the view that whatever the law of Canada may have been up until the present time, from this point on it is desirable that our law in this regard should conform with that of the United Kingdom. I would therefore propose, Mr. Chairman, that one of my colleagues would make the following motion:

> That clause 134 be amended by deleting therefrom lines 11 and 12 and substituting therefor the following:
>
> "charged with an offence under sections 136, 137, subsection (1) or (2) of section 138 or subsection (1) of section 141, the judge shall, if the"

Then it goes on as the clause reads at the present time.

Mr. McCann: I so move.

Mr. Diefenbaker: Has the minister a copy of that amendment? It is difficult to follow it without a copy.

Mr. Garson: Yes. I will send one over to my hon. friend.

Mr. Diefenbaker: I think that amendment covers the situation. I thank my hon. friend for having allowed this clause to stand and for having listened to the arguments advanced. After all, what we are trying to do here is to have a Criminal Code that will be in keeping with present-day conditions and meet the situation prevailing today. I think the acceptance of those suggestions is something that indicates the degree to which all of us are prepared to co-operate in order to make the code an effective instrument to assure justice.

Amendment agreed to.

Clause as amended agreed to.

Clause 141 agreed to.

On clause 142—*Incest.*

Mr. Fulton: The hon. member for Digby-Annapolis-Kings requested that this clause stand. The hon. gentleman is not able to be here owing to the fact that a short time ago he had to go to the hospital for a while. It was nothing serious, and I am glad to be able to say that he will soon be back. However, I have not been able to have that communication with him which I should like to have. I think his point was that it might be made subject to the same direction as that applying in clause 134.

Mr. Garson: I have my hon. friend's point and we were proposing to meet it. The hon. gentleman's point was that he considered that in respect of the offence of incest there should be required corroboration of the female complainant's evidence. Again after careful consideration of the offence of incest, along with the other sexual offences in this part of the code, we agreed with the suggestion that there should be the same degree of corroboration in this offence as in the other comparable offences. Therefore I would suggest that the Minister of National Health and Welfare might move the following motion:

> That subclause (1) of clause 131 be amended by adding thereto, immediately after the figures "140" in line 11, the figures "142",

Mr. Martin: I so move.

Mr. Knowles: I have no objection to this amendment being made. In fact, I am glad

to see it being made, but I think attention might be called to the fact that procedurally we are setting a precedent which might be remembered on some future occasion. Clause 131 is not before us. It was passed on a previous occasion. I offer no objection to this being done because I know the minister will take exactly the same attitude if we want to open some clause that has already been passed.

The Chairman: I was going to inquire of the committee whether the minister had leave. Do I understand that he has leave?

Mr. Knowles: Yes.

Mr. Fulton: On behalf of the member for Digby-Annapolis-Kings I should like to express the thanks of those who hold the same view. We are glad that the minister has seen fit to adopt the point of view previously put forward.

Amendment agreed to.

Mr. MacInnis: Both clauses 141 and 142 carry whipping as a punishment. I am not going to talk about that because a parliamentary committee is inquiring into the subject matter, and a report will be introduced in this house later. I want to make it clear that is the only reason I am not objecting to whipping as a punishment in this or any other section.

Clause agreed to.

The Chairman: Shall we now proceed to group 2, clause 222?

On clause 222—*Driving while intoxicated.*

Mr. Fulton: Perhaps we could deal with clauses 222 to 225 as a group. I think when they were stood that was the intention because they all deal with offences with respect to motor vehicles which may give rise to accidents on the highway. I should like the remarks I have to make to apply generally to the three clauses because I want to suggest a point of view in connection with these matters which applies to the question of safety on the highway generally.

The Chairman: Is it agreed that we shall deal with clauses 222, 223, 224 and 225, at this time?

Some hon. Members: Agreed.

Mr. Fulton: My point was that the remarks I wanted to make applied to all that group of clauses. One of my colleagues has an amendment to move with respect to one of them in particular. I think if we might be permitted perhaps a general discussion on the subject, it might advance the subject. I am not going into detail, although some of my colleagues have particular comments to make.

[Mr. Knowles.]

When these clauses were stood it was after there had been some discussion on the question of safety on the highways generally, and the urgent necessity of taking effective measures to eliminate or at least reduce the appalling toll of death which now takes place annually on the highways of this country. In so far as the improvement of the standard of safety on the highways is concerned it was recognized then, and it must of course always be recognized, that a good deal of the responsibility, both literally and from the point of view of administrative responsibility, rests with our provinces. Therefore no action purely federal in scope is going to provide the whole answer to the problem.

The provinces are concerned from the point of view of licensing both the drivers and the vehicles which they drive, the limitation of speeds on the highway, the standard of road construction, and so on, all of which are elements in this problem of safety on the highway. There are certain aspects of it of a purely federal nature, upon which we can comment. One of these is that the approach, in part at any rate in so far as the Criminal Code is concerned, seems to have been along the line of increasing jail sentences or fines for this offence. It is our view that does not provide anything like the answer to the problem.

In the first place, since a good many of these problems relate to matters which arise out of the use of alcohol, it is going to be difficult for juries to convince themselves that a person was guilty of a crime which always imports, however much we might attempt to refine it, into the minds of the jury, and properly so, an element that the person committing the crime must have intended to act as he did. It is going to be difficult for juries to convince themselves that anyone, having possibly become involved in a fatal accident as a result of liquor, intended to do what he did. It is going to be difficult for juries to convince themselves that when a person becomes involved in a fatal accident as a result of fatigue or a mental lapse brought about through lack of caution or liquor, that person is guilty of a serious crime, and the consequent heavy jail penalty if he should be found guilty.

I feel it follows, from that, that the answer is not to greatly increase the jail sentences, and here I am dealing with the sections as a whole because juries are going to be reluctant to convict. On an earlier occasion I said I felt that this was, in a sense, only a quasi-criminal offence, and therefore the solution to the problem did not rest in increasing the penalties of a purely criminal nature. I believe that part of the answer at any rate

lies under section 225 where a judge or a magistrate is empowered to impose, in addition to any jail sentence, a restriction on the right to drive. That is what I would call, for want of a proper description, a purely civil penalty as opposed to a criminal one of a jail sentence. I think that possibly we should give more consideration to the question of further increasing the power of judges and magistrates to suspend the right of the accused to drive if he has been found guilty under one of the sections covered by section 225.

The sections covered by section 225 include what used to be called motor manslaughter. We have the new section, I think it is 192, which covers the offence of criminal negligence that causes the death of another person, as well as the lesser offence of intoxicated or impaired driving. While it is true that in no case will a man come before the court under the sections unless he is charged with an offence, and therefore to some extent we are trying to lock the stable door after the horse has been stolen, nevertheless, thinking of the potential danger in the future, it does seem to me that in sections 192, 193 and 207, whether or not a person has been involved in an actual accident, we should give particular consideration to increasing the power of the judge to suspend or cancel the right to drive.

Where a man has been involved in an actual accident, consideration should be given to increasing the powers of a judge to suspend or to cancel his right to drive. This should be possible where it has been demonstrated that a man, however innocently, has taken a chance which has resulted either in serious injury or, in some cases, in fatal accidents. I do not think it would be placing too much power in the hands of our courts to say that, in addition to the penalty which could be imposed upon him, we would protect society in the future and also protect the driver himself by cancelling his right to drive for a substantial period of time. To that extent society would be protected against any recurrence of accidents brought about by that particular offender.

Then there are other points which should be made in connection with a consideration of this subject. We in the official opposition believe it would be well worth while to call a conference of dominion and provincial officials for the purpose of considering this whole question of deaths on the highways. My colleagues have some specific suggestions as to what might be discussed at such a conference, and I shall indicate generally the ground which could be covered.

First I suggest consideration of a standardization of tests required for the issuance of drivers' licences, and the qualifications to which persons must conform before they are issued licences and placed in the position where they are in charge of these dangerous weapons, high-powered motorcars, and turned loose on the highways.

There is also the question of working out the standardization of equipment on automobiles and a standard degree of excellence in respect of brakes, headlights, shock absorbers, steering mechanism and the like which would be required before licences could be issued. While these may be matters within the exclusive jurisdiction of the provinces, it does seem to me that there would be an improvement in the situation on our highways if there could be worked out a uniform set of standards which would have to be met before licences could be issued to drivers.

Then, attention could be given to the question as to whether there should be a limitation of the age below which persons would not be issued drivers' licences. Should some attention be paid to a uniform speed limit? That is, should the speed limit be lowered, or made lower than the limit now permitted; and, if so, what problems of enforcement would this create? There would not be much use in lowering the speed limit unless the provinces were prepared to accept the additional onus of enforcement that would go with it.

Those are matters which can and, we feel, should be discussed by such a conference. We believe the discussions would be useful. Quite possibly helpful information might be obtained through prior consultation with representatives of insurance companies, or by permitting them to attend such a conference. These people are engaged in the fields of automobile and liability insurance, and these matters present a very real problem to them.

I have indicated some of the questions which in our view should be considered in any effort to come to grips with this problem of death and destruction on the highways.

I would conclude by repeating that in our view the answer does not lie merely in increasing the jail sentence. That is all very well for the person directly involved in the accident, but it does not solve the problem. In our view other matters must be considered, but no step, however unpleasant or difficult, should be left untaken if it is felt that by taking such a step a contribution could be made to the solution of this most pressing problem.

Mr. Knowles: In my view, Mr. Chairman, the hon. member for Kamloops has made a

very satisfactory summary of the points advanced by members in his own party and by others of us on this side of the house when this matter was under discussion at an earlier date. I wish to support once again the proposal that much more serious consideration is required in connection with this problem than simply increasing the penalties provided in the Criminal Code.

When the matter was last under discussion the suggestion was put forward that a conference should be called by the federal government, so that this matter could be studied with those provincial authorities who are charged with the responsibility for highway administration. On that occasion I suggested to the Minister of Justice that advantage might be taken of the fact that his colleague, the Minister of Transport, was proposing to call a conference of ministers of highways in the various provinces for the purpose of dealing with another matter. I do not suggest that there is any relationship whatsoever between the other matter, which is a constitutional one, and the subject before us now. But it does look as though the same people who might deal with this problem would be involved in the conference called by the Minister of Transport. I understand he has now issued invitations to that conference, and that it is to be held in Ottawa in the near future.

I suggest strongly to the Minister of Justice that consideration be given to this suggestion. In other words I am urging that this is not something that should be done next year or five years from now, but that it should be done now. I suggest strongly that consideration be given to the holding of another conference, with those same people attending, to deal with this serious problem of the death and destruction that takes place annually on the highways of this country.

I shall not take the time to repeat the points I made when the matter was under discussion before, or to repeat the suggestions made just now by the hon. member for Kamloops. Unless I overlooked it, however, there is one point that I believe he did not make—and it involves a word that one always uses with caution in this federal parliament; I refer to the word "education". I trust no one will throw back at me the suggestion that I am ignorant of section 92 of the British North America Act. It does seem to me that that stricture does not apply here. Surely there is room for the federal government, in such a conference with provincial authorities, to do all it can by way of urging that there be increased education in connection with the driving of motor vehicles.

[Mr. Knowles.]

As the minister knows, the province from which he and I come has been doing a pretty fair job recently in respect of this matter, and particularly in the greater Winnipeg area. To refer to a point made by the hon. member for Kamloops, in Winnipeg the requirements for obtaining a licence have been made more strict. But it is something more than that. In the very process of making the tests, many of which are given several times over, the provincial authorities themselves are educating the drivers in the matter of safe driving habits. Not only is there that kind of education given to people coming to take tests but, under the supervision of the highways department in Manitoba, training is being given to high school students in the safe and proper methods of driving motor vehicles.

We all know that unless something is done in the course of the next few years, a great deal of money will be spent, and a great deal will be lost, in accidents that will take place and property that will be destroyed—to say nothing of the tragic loss of life that will take place.

I suggest that a mere fraction of that amount of money spent on prevention and on the education of our drivers and potential drivers would be a wise economy, even looking at it from that point of view.

As I say, I do not intend to take the time to repeat the things the hon. member for Kamloops has said, but I do join with him and with others on this side of the house in urging the minister to take very seriously this suggestion of a conference between the federal authorities and the provincial authorities so that something can be done. I urge the minister to look upon this not as a suggestion with which he merely agrees and hopes that something might be done five years or ten years from now, but something on which to act right now. Let him face it as a challenge to prevent the loss of certain lives that otherwise are going to be lost on our Canadian highways unless something is done.

Mr. Shaw: Because of the mounting accident and death rate on our Canadian highways, I agree with most of what has been said by the hon. member for Kamloops and the hon. member for Winnipeg North Centre. I realize fully of course that much of the responsibility for what is done in this field rests upon the shoulders of the provincial government.

As I see this problem, it falls into two general classifications. There are those accidents resulting in my opinion from persons who just simply should not be driving. One

hon. member said that we should raise the age limit at which they are licensed. If that were to be done I would say we should also examine the problem from the top, namely, the problem of those over-age drivers who may be physically incapable of managing motor vehicles properly.

Mr. Knowles: In our province their record is very good.

Mr. Shaw: That is quite possible; it is still a problem that should be given consideration at this time. As far as faulty vehicles and certain classifications of carelessness are concerned, I would say that education would perform a most valuable function. I am pleased to note that in many parts of the country more and more consideration is being given to this matter in the schools. Many youngsters who are not yet old enough to qualify for drivers' licences, but who will soon be, are receiving information along that line. That is one aspect of the problem; but when we come to the other aspect of the problem, namely, drunken driving, driving while one's ability is impaired, I personally think there is only one solution to it, and that is a definite stiffening of the penalties which may be imposed upon such persons following convictions.

I notice that in certain parts of Canada provinces are taking rather strong measures in this respect. For example, I noticed only very recently that my own province of Alberta has raised from six months to twelve months the period during which a driver's licence will be suspended, following a conviction for drunkenness, and there is an automatic jail sentence for a person who does drive while his driver's licence is suspended. That may seem very severe to some, but in my judgment lifting those drivers' licences for a longer period of time will probably have a greater effect upon individual drivers than any fine that one could think of imposing. I certainly hope that right across this country the provincial governments will take very firm action with respect to extending those periods during which drivers' licences are suspended.

I can see a good deal of good arising from a conference of representatives of provincial governments. It may possibly mean a certain standardization as far as penalties are concerned, and that would be a very good thing. I do not think it is necessary, Mr. Chairman, for one to speak longer with respect to this matter; but there is room for much to be done, first in the field of education, and second, in the field of penalties, particularly, as I say, where drunken driving and impaired driving are involved. In my opinion, there is no excuse for it. I think that those who flout the laws against drunken driving and impaired driving cannot complain, no matter how stiff the penalty may be. I hope that the provinces right across Canada will give consideration to the suspension of the licence for a year or even longer of a person who is convicted of those charges.

Mr. McIvor: At the lakehead we have had brought to the attention of the Fort William city council the causes of accidents, because the lakehead is pretty well the centre and away from other places. Men driving big trucks drive for a long time, and sometimes they are so tired that it is difficult for them to keep awake. Another cause of accidents is that trucks have been going for a long time over rough roads and the tires have become weak and they burst. The city council at Fort William feels quite keenly about this.

Mr. Campbell: I have one suggestion I would like to make. The hon. member for Kamloops suggested a conference of the provinces with the dominion authorities. One thing I should like to see taken into consideration is the matter of putting governors on the high-speed and high-powered cars. Today we can buy automobiles with over 200 horsepower motors in them. If we had a governor on the car, perhaps it would hold the speed of the car down to say 50 miles or 60 miles an hour, or whatever the speed limit was in the province in which it was operating. If that were done I am quite sure we would cut down the rate of accidents quite a bit.

I had a little experience last year. As an experiment we tried putting a governor on one of our trucks. That truck had no accidents during the year. Not only that, but it came back from its summer service in far better shape than the trucks that were allowed to run wild. In the matter of upkeep of the vehicles alone it would be of value to the owners, and it would make it impossible for drivers to get up to speeds of 80 miles, 90 miles or 100 miles an hour.

As I have said once before in this house, you cannot put enough police cars on the highways to keep the speed limit down to even 60 miles an hour.

Mr. Starr: I should like to say a few words in support of what has already been said in regard to the serious number of highway traffic accidents with which the provinces are faced today. I am firmly in agreement with the idea that some leadership could be given by the federal government in calling a conference of the departments of highways of the various provinces to see whether some solution could be arrived at to cut down the

mounting number of fatal accidents in the provinces, irrespective of their causes.

I have some figures in support of what I have to say. I obtained these figures from the traffic accidents statistical branch of the motor vehicles department of Ontario. These are the statistics for 1951, and are the only ones that I have been able to get. They show that there were 87,659 male drivers and 4,972 female drivers involved. Male drivers to the number of 1,045 and female drivers to the number of 40 were involved in fatal accidents. Involved in personal injury accidents were 21,752 male drivers and 1,323 female drivers. Involved in property damage accidents were 64,862 males and 3,609 females. The total number of accidents in the province of Ontario in 1951 amounted to 54,920.

There has been an increase over a period of years in the number of accidents. The average figures available for the combined ten-year period from 1942 to 1951, broken down in various age groups, show a total of 39,833. In 1950 this showed as 72,788 and again in 1951 it jumped to 92,631, or an increase of 27·3 per cent. The significant part is that the age group involved in the most accidents was the group between 25 and 40 years. The number of accidents in their case was much higher than any other group from 18 years to 65 and over.

Mr. Garson: Twenty-five to forty?

Mr. Starr: Twenty-five to forty.

Mr. Garson: That is a pretty big group of course.

Mr. Starr: Yes, it is the biggest group.

Mr. Garson: What about from 25 to 30?

Mr. Starr: It is not broken down. The groups are from 18 to 24, 25 to 40, 41 to 54, 55 to 64, and 65 and over. In all these groups the increase, compared with 1950 and 1951, was much over 25 per cent in accidents of all types. Of course there is a drop when you compare 1951 and 1952 showing an increase of about 7 per cent over 1951.

Nevertheless the total number of accidents on our highways presents a very serious problem. I realize that the provinces are doing everything they possibly can to cope with it, but we find that even on our superhighways, where everything possible has been done to prevent accidents, accidents are still happening. A solution might be found if the federal government took the lead in initiating a conference with the provinces for the purpose of seeing whether the accident rate cannot be cut down in some way.

Mr. White (Middlesex East): I want to make a few remarks in support of those made by the hon. member for Kamloops. I realize that the highway accident problem is largely the concern of the provinces. There are a few things I want to bring to the attention of the committee with respect to the suggestion made about the possibility of the calling of a conference with the support, as it were, of the federal authorities. One point I wish to make has to do with the large number of accidents caused by persons who are financially irresponsible. Sometimes I think they are also irresponsible in other ways. I believe that the experience with the unsatisfied judgments fund in Ontario has proven that it is not a satisfactory solution. It has not turned out to be as good as was hoped. I think we are going to have to come to the position that whenever a licence is issued for the operation of a motor vehicle there will also have to be assurance that if the man to whom the licence is issued goes out and damages life, limb or property he will be responsible for it. That is one of the things that I hope can be provided for through such a conference.

I think the modern phrase is that we should lock the garage door, instead of the stable door, before the damage is done. Inquiries should be made before accidents occur and not afterwards. I think the old saying that an ounce of prevention is worth a pound of cure is true. I think we could reduce the death rate and the amount of damage caused very considerably by a course of prevention rather than trying to cure the situation afterwards by resorting to the Criminal Code.

Mr. MacDougall: I was not present when the first few speakers rose to discuss this problem. However, I did hear the remarks of the hon. member for Red Deer and I agree with him one hundred per cent. In this whole problem it does not make any difference basically and fundamentally where the location of the accident or potential accident may be in Canada. It is a question of the individual. It has been suggested by one member that the installing of governors on cars would possibly be a deterrent to increased speed, but in my opinion the fundamental factor in that regard is the man or woman behind the wheel. In my view education with respect to safe driving can be carried out more satisfactorily by teaching the younger people of Canada.

I am sure I am no different from a great number of members in the house who have driven in other than their home province in Canada. I recall that some three years ago I took a short motor trip over a week end, and I do not think at any time in my life was I more glad to steer my car back into

the garage than I was on that occasion. One of the reasons for that feeling was not that the people behind the wheels of the cars I either met or passed were impaired or drunk but was entirely due to a lack of rigid control over the vehicle itself and the lack of inspection of such vehicles.

My own province of British Columbia, as you all know, has had a terrific increase in population in the last fifteen years. A former provincial administration instituted a system of rigid testing of every vehicle and truck in the province, and that system is being carried on by the present administration. That may seem a bit expensive and it is, but that method of testing has cut down the number of accidents in the province of British Columbia. How is it doing it? First of all, it keeps off the road the "jalopies" that have nothing as effective in their machinery or chassis as the horns.

In addition, the system prevents men and women from driving cars in the province of British Columbia who are detriments behind the wheel of a car. They are a danger to life. In other words, not only is the vehicle and its mechanism tested but before a driver's licence is issued the driver, male or female, must pass a very rigid examination to obtain a licence. In my humble opinion the testing of the mechanical and human factors is most necessary.

I am sure that there are other members who have found themselves in a similar position to what I have been in myself on occasion. Possibly you are hurrying to get to a destination for no particular reason. It would not make very much difference whether you were five or ten minutes late. But on a congested street or highway you get slightly irate. If you do not move away with the green light as soon as it flashes, a hundred cars behind you will honk at you to get going. These things upset the capability to drive of the man or woman behind the wheel. They get mad and it is useless to assume that when they get mad and annoyed they are as efficient as when they are calm and collected. During holiday periods we find people massing the highways, bumper to bumper, with the car behind continually nagging the man in front to get going. A governor in that situation would not be very much good because you do not go from a standing start to 60 miles an hour. I have no quarrel with the introduction of a governor, but I believe a basic and primary factor in consideration of this matter is the human factor itself.

If by a process of education we can improve the qualifications of potential drivers, I am sure we will cut down the accident rate all over the country. I would emphasize that I am not opposing in any manner or form the suggestion made that a conference should be held between the federal government and the various provinces. But we must not forget that you can have all the conferences in the world to discuss means of eliminating dangerous driving without making any headway unless each province of itself takes measures on its own initiative to see to it that vehicles and drivers are tested. Unless that is done a conference between the provinces and the federal government will not amount to very much.

Many accidents are caused by excessive speed, but it should be remembered that you cannot retard progress as regards speed. What have we today in the modern world which induces excessive speed? First of all, we have the superhighways. They invite excessive speed. Then you have the modern motorcar with, as one hon. member pointed out, about 200 horsepower under the cover. That also induces excessive speed. But you cannot turn the clock back without waking the rooster. These things are part and parcel of our modern transport system.

If we are to deal adequately with this problem of accidents on the highway, it seems to me we must first of all accept the modern methods of transportation and frame our preventive measures accordingly. I might add that since the establishment of testing schools in the city of Vancouver the accident rate has been cut and quite a number of people have been prevented from driving.

Additionally, we have to contend with the vast increase in the number of cars, the increase in the population generally, which in turn creates a greater number of potential drivers. It seems fair to say that if each one of the provinces would, I do not say adopt an exact copy of what has been established in the province of British Columbia, but adopt methods of testing vehicles, that in itself might well cut down the accident rate. Some provinces may have a better system than that which exists in British Columbia, and in that event it would be wiser to adopt their methods.

But I would say most emphatically that all these things combined, together with greater emphasis on the education of drivers, will go a long way towards reducing the accident rate, provided that men and women who are found to be under the influence of liquor are adequately punished and their driving licence is cancelled for a period of time which will make them think a second time before they try to mix liquor and gasoline.

Mr. Diefenbaker: Mr. Chairman, this is a subject that naturally exercises the minds and thoughts of Canadians everywhere as it exercises the minds and thoughts of every nation in which the automobile plays such a large part. Certainly, having regard to the number killed and injured, it is one of the most serious problems we face today.

If there was an epidemic in Canada this year which killed eight people every day and injured 80 of whom 20 would be more or less disabled for life, a tremendous effort would be made in this country to deal with that epidemic.

That is the situation with regard to cars today. I have not the latest statistics but the figures for 1950 show that the number killed in Canada in car accidents amounted to 22,070, and that there had been a continuous increase from the end of the war, when the number killed amounted to 1,556. Non-fatal accidents, resulting in injury to one or more persons, amounted to 26,573, and there were 70,800 accidents in which damage was confined to property alone.

The hon. member who has just resumed his seat certainly made a most thoughtful speech on this subject. What course is to be followed?

I am speaking as one who over the years has had some considerable experience as counsel for the defence, and I know what men charged with an offence under the Criminal Code most fear when it comes to a car accident. What they most fear is the loss of their licence. That is one thing they impress upon you from the time you commence to act for them. "I am not worried about a fine, but I do not want to lose my licence. After all, it is something which belongs to me and I need it in my business." That and many other excuses are given as to why they require their licence.

My hon. friend mentioned the question of intoxication. The statistics tell the story in that regard. The ordinary human being who understands how to operate a motor car takes two-fifths of a second from the time he sees danger until he acts and decides on the course he will follow. With a motorcar travelling at 50 miles per hour a car would cover 28 feet before a person could act. If the driver has any liquor which is detectable in his blood by examination, the time required to react to danger is immediately increased by 50 per cent and it takes such a person three-fifths of a second to act.

Much has been said about the need for education. Certainly, I believe something should be done, over the C.B.C. and also through the press, to educate the Canadian people in regard to safety. My hon. friend mentions how successful the campaign was in British Columbia. Such a campaign has been found successful beyond the dreams of those who initiated it in Michigan. But campaigns of themselves will not meet the situation. I for one over the years have been greatly opposed to minimum jail sentences by way of penalties imposed for infractions of the criminal law. A change was made in parliament several years ago whereby a section was incorporated in the code in order to meet what had become a cause of much injustice; I refer to minimum sentences for intoxication. Parliament added a section which provided that anyone whose ability was impaired would be liable to a penalty of a minimum fine of $50. When the penalty was seven days in jail, the wrongdoers were afraid and they defended, because seven days in jail is not an inviting prospect.

I should say something more. It was a difficult thing to get a conviction when the magistrate was faced with the obligation of imposing a minimum penalty of seven days. However, since we provided this alternative section, it was amazing to note the number who would admit that they had been drinking to a greater or a lesser extent. A $50 penalty is not a serious deterrent to driving a car under the influence of liquor. I suggest for the consideration of the minister that the penalty under that section should be increased. The minimum is too low. It affords an omnibus upon which all drunks ride today when endeavouring to get away from the more serious charge of driving while intoxicated. I think the penalty of $50 might well be doubled by way of an experiment. If this is found to be ineffective, a year from now alterations or changes could be made. In the second place, instead of having the law as it is today where the magistrate may remove from the individual the right to hold a licence for the period in question, where the offence the person has committed reveals gross negligence or intoxication, I think the provision should be mandatory for the removal of the licence. That type of education in advance would, I think, reduce the number of offences that would be committed. As the penalty section stands, if it is not an invitation to violate the law, it certainly is not a deterrent.

Just recently, during the Christmas season, I overheard two men discussing this matter. One of them said to the other, "I am going to take a chance tonight, for, after all, it will only be $50". They were discussing the plan in effect in this city whereby the police provided drivers for those who expected to be at a party and to imbibe too freely.

I suggest for the serious consideration of the minister those two ideas: first, the doubling of the penalty under the present "impaired" section and, second, when gross negligence is established—in other words, such a disregard of the rights of others as to constitute not a momentary lapse but a considered course of action—the magistrate should be placed in a position where there would be a mandatory loss of licence.

Today one of the reasons for lack of enforcement is that each of us is in this position, paraphrasing the words of long ago, where he may say to himself on occasion, "There, but for the grace of God, go I". I think that is one of the reasons why it is so difficult to enforce the law with regard to driving cars either in a drunken condition or negligently. Certainly juries which listen to a case in which death has resulted from the alleged action of the accused, when they are discussing the matter are prone to consider, in the secrecy of the jury room—the secrecy of which is shortly revealed after the verdict is given—the situation in this light: After all, it was a serious invasion of the rights of the public. It was gross negligence, in our opinion; but all of us felt that, after all, it is not really a crime. Anyway, there is always the possibility in the future that one or other of us might be in a position where we ourselves would be judged.

Let us have an education campaign by all means, but let it be one reinforced by teeth in the law. When I hear people say that murderers can be deterred by the death penalty, may I say that my experience is that potential breakers of the law in connection with operating an automobile will be deterred when there comes to them the realization that jail will be the result rather than the ameliorative penalty of a small fine.

Mr. Garson: I want to express my appreciation of the efforts of hon. members who have so far taken part in this debate, and my indebtedness to them for the constructive contributions which they have made towards the solution of a problem with which I think each one of us is deeply concerned. However, I have got the impression that many of the statements that were made rather implied a criticism of the efforts that are being made at the present time by the provincial administrators to prevent accidents and death upon the highways. Since, as some of the members have said—indeed, as I have said myself on previous occasions—a large part of the prevention which must be provided in this connection must be at the provincial level, it is a matter of real importance as to whether or not the present provincial administrators are justly criticized. In the few cases which have come to our own attention I am inclined to think that they are not open to criticism. In this matter I am in accord with the hon. member for Winnipeg North Centre that administrators of the province of Manitoba are not at all open to criticism, that they have done a first-class job in this connection and that they have demonstrated what excellent results can be produced by steps which they in fact have been taking.

I have said when this matter was up for discussion before that what we were concerned with here in parliament was doing our part in connection with this problem. This, in some ways, some might regard as a minor part, that is to study and define the acts which produce accidents upon the highway which should be punished as crimes. That is all we can do.

It is true, as several hon. members have suggested, that we might call a conference of the provinces to discuss the means by which their efforts to prevent accidents upon the highway might be stepped up. In doing that, we would be calling them together to discuss, for the most part, matters which were entirely within their jurisdiction, entirely under their control, and entirely their responsibility.

When I made that statement I was not at that time aware that there was a support for that view far more authoritative than what I said. One would almost gather the impression from the discussion that has taken place here this afternoon that no conference had been held by the provincial administrators on this matter, and that each province was not necessarily doing the best it could with its administration, and in some cases not so good a job to prevent accidents. I doubt whether, as a matter of fact, this is so. There is on this continent the American Association of Motor Vehicle Administrators. I do not know whether it includes Mexico, but it includes all the United States and the Canadian provinces. The national vice-president of that organization is a Canadian, Mr. Robert Baillie, head of the motor licence law enforcement in the province of Manitoba.

Perhaps hon. members would be interested in the views of the members of this organization of men whose profession it is to do everything they can in the various jurisdictions on this continent to prevent highway accidents. What do they say is the best method of doing so? Is it by passing amendments to the Criminal Code? Is it anything any federal government can do or is it something that falls within the provincial

jurisdiction? Is it a complicated matter or is it a relatively simple matter? What they say is this.

Mr. Diefenbaker: What is the date of that report the minister has?

Mr. Garson: If my hon. friend is interested, I have this pamphlet from the American association here.

This is what the American Association of Motor Vehicle Administrators regards as the cardinal principle of accident prevention on the highways:

> For the money spent, and in the long run, nothing will reduce traffic accidents like a good driver licence law well administered.

That is the judgment of men who earn their living, and a very good living it is for most of them, in this profession. They are intelligent, energetic men who spend their life trying to provide administration which will prevent these accidents.

It is noteworthy, moreover, that this view is supported by a man who is, I believe, recognized as probably the most outstanding individual authority on the continent, Dr. J. Stannard Baker, of Northwestern University, who is a specialist in this field. He makes that statement upon behalf of the association in this brochure to which I have referred.

If I might be permitted, I should like to lay before the members some actual figures based upon the application of the principle in its administration in my own province of Manitoba. There are in that province about 242,000 drivers. Of those 242,000 the carefully kept figures indicate that nearly all the trouble upon the highways comes from 39,000 repeaters, that is those who are not involved in one traffic accident, as any one of us might be through pure misadventure, even when completely careful and sober; but motorists who by a series of "coincidences" come to be involved repeatedly in accidents. The records indicate that these people are the cause of nearly all the preventable accidents.

One of the things we have to keep in mind in this connection is that when you have in the United States and Canada the number of vehicle miles which are now being placed upon the roads of this continent, and in some cases in very heavy traffic, we are bound to have some unavoidable accidents as well as a lot that can be prevented. There will be accidents that are unavoidably caused by the urgency or the density of the traffic, or misadventure in which the participants are careful and sober and where no amount of good management will enable them to avoid what happens. But the view of these experts is that the great bulk of the preventable accidents are caused by repeaters who, as you see, amount to about 16 per cent of the total motorists.

Then, there is another figure, 4,162 who are the really bad ones and in Manitoba they are barred from the road entirely.

Mr. Fulton: For how long?

Mr. Garson: Anywhere up to three years. The hon. member for Prince Albert says his experience as defence counsel has been, as it has always been my experience as a remission officer in the provincial field where drivers are trying to get their licences restored and in the federal field where they were doing the same thing, that the cancellation of the licence is a far better penalty and a far greater deterrent than any fine that could be imposed.

The hon. member for Prince Albert asserted that some person in Ottawa recently was saying he was going to take a chance on being impaired while he drove his car because he would only have to pay $50 fine if he were found guilty. Do you know what happens to a man who has been convicted three times for driving while impaired in Manitoba? He is barred from the roads for life. I would suggest that, while I am not for one moment decrying the possible value that might emerge from a conference called by the federal government to discuss this matter, I must say that I doubt very much whether at such a conference we will be able to tell an administrator like Mr. Baillie very much that he does not know now.

Mr. Knowles: Let him tell the others.

Mr. Fulton: He may be able to tell the others.

Mr. Garson: Yes, that is right. But I imagine in the course of conferring with his opposite numbers in the other provinces in the conferences which these officials have, it would be a most extraordinary thing if he has not long since told them what he has been able to achieve by this method. But perhaps the reason the method is not employed in other jurisdictions is that they find some political difficulty in really making these tough rulings stick.

I suggest today, as I suggested on a previous occasion, when Canada is faced with a very tough highway situation, involving on a large scale huge property losses to say nothing of life and limb, until Canadian administrators develop an attitude in the solution of such a problem which is as tough as the problem itself, we are not likely to get results no matter how many conferences we may call.

Mr. Knowles: Will the minister permit one question?

Mr. Garson: Yes.

Mr. Knowles: Would not such a conference, and the publicity that would attach to it, help develop public opinion in those other provinces, and thus aid the cause in which both the minister and I are interested.

Mr. Garson: Yes, I think it would. And I would not want anyone to assume from anything I have said, or that I may say as I go along, that I am in any way personally or officially averse to calling a conference of that sort. But I think it would be quite wrong to assume that not only Manitoba but other provincial administrators are doing little or nothing now. Moreover I think it would be quite easy to exaggerate the amount of new light that men who have been living with this problem for years would get from a conference such as that. But that of course is no reason why we should not be able to shed that extra light upon it, even if it might be small.

The hon. member for Middlesex East suggested they were having trouble with their unsatisfied judgments fund in Ontario. Well, in Manitoba this pool of motorists with cancelled or suspended licences, which hovers fairly constantly at four thousand people, is made up in part of those who have been involved in accidents when they carried no automobile insurance, or who failed to pay judgments rendered against them in damage actions arising out of accidents, and have stayed in the pool until that condition has been satisfied. I believe—certainly this was the case last time I had any occasion to check it, and I believe it is still the case—that the unsatisfied judgments fund in Manitoba is a great success, largely because in its administration the provincial authorities have pursued a fair but a tough policy.

Another impression I think we must correct in our approach to this question is that created by the use of figures. When the hon. member for Ontario suggested that the group from age 25 to age 40 were the greatest offenders, I suggest that that bare statement by itself may indicate nothing more than that the age group from 25 to 40 constitutes the majority of drivers.

What I suggest is that the method which has been evolved by these experts of measuring the accident rate is one which should be applied; and when it is applied it indicates a result far less discouraging than one might think. The method used in the United States is to take the number of deaths on highways per 100 million vehicle miles. For obviously if in 1954 as compared with 1934 they have several times the number of motor vehicles upon the highways, each one travelling more miles because of better highways, better automobiles, improved engines and the like, we must expect they will have an increase in the number of accidents both avoidable and unavoidable merely because of the volume of traffic.

To step up the volume of traffic in itself brings about an increase in the accident rate. What they have found in the United States is that at the present time they have 7·5 deaths per 100 million vehicle miles; and that is much better, indeed, than the 16 deaths per 100 million motor vehicle miles they had in the early thirties. By action taken for the most part at state level they have been able to reduce that which I suggest is a correct measurement of the highway death rate from what it was previously to what it is now.

In Manitoba, by the method I have indicated, we had pulled the rate down to a low of 6·8 deaths per 100 million motor vehicle miles, although recently I understand it has gone up to some extent. In other words at the low points we got under the average for the United States; and I would doubt whether there is any other province in Canada that has done that.

Estimating highway deaths per 100 million motor vehicle miles is a much sounder basis for any thinking that we may be doing upon the subject than simply to read in the newspapers and the statement that we have had so many deaths over this, that or the other period. For in this matter we have to make some allowance for the fact that we have many more miles of highway, and many more vehicles on those highways than heretofore. It is in relation to the volume of vehicular traffic that any sound judgment we may make would have to be reached.

I believe it was the hon. member for Kamloops who suggested that one of the advantages of a conference of this sort would be that it would be possible to standardize tests for drivers' licences, to standardize equipment, to standardize the limitation of age, and to bring about uniform speed limits. I do not pretend to be an expert in this field, but it would seem to me that there are few countries in the world in which the conditions under which automobile traffic is carried on would vary more between one province and another than they do in the provinces of Canada. The problem of automobile safety in Saskatchewan, with a very low density of traffic upon many thousands of miles of uncongested rural highway, would permit of

a standardization of equipment, of tests for driving and of limitation of age that could not be tolerated in metropolitan Montreal.

One of the reasons why it seems to me the benefits of a conference of this sort would be considerably limited is that, surely, by long odds the most effective methods we can work out to grapple with this question must be worked out at the provincial administrative level. These administrators in the provinces have to take cognizance of the conditions in their respective provinces. Rules that would be applicable on the highways through the mountain ranges of British Columbia would not apply on the prairie roads in my own province of Manitoba. It would be folly to think that it would be wise for these gentlemen to standardize their tests in disregard of these differences.

It seems to me the solution to this problem is pretty largely as the American Association of Motor Vehicle Administrators has indicated, namely that it is right at the state level, and that the biggest part of it is in licensing. I am in some doubt as to whether there is very much that the federal government can tell any of the provincial administrators on that point. I am also in some doubt as to whether the man who is dealing with the traffic problems in downtown Toronto can educate the man who is attending to the traffic on the rural roads of Alberta or tell him something he did not know before. Now, I do not want any person—

Mr. Knowles: Those differences exist within a province?

Mr. Garson: Yes.

Mr. Knowles: In our own province conditions in Marquette and in Winnipeg North Centre are quite different.

Mr. Garson: That is quite right, and that is another reason why a man from Montreal is not very likely to add to Mr. Baillie's education upon the subject. My hon. friend has supplied an additional reason for that.

Mr. Knowles: I gave that as a reason for the contrary.

Mr. Fulton: Does the minister not think that the man from Montreal would have some experience which might be helpful to Mr. Baillie in considering the problem that he has today with drivers in Winnipeg?

Mr. Garson: The experiences that we would be discussing at a conference called by the federal government would be those experiences which those administrators in conferences of their own had not previously exchanged before the federal conference was called.

Again let me repeat, I do not want to be identified by any of these statements that I have made as being an opponent of the idea of calling a conference; what I do suggest is that the idea that a problem which has resisted the very intelligent, effective and efficient efforts of provincial administrators up until the present time is going to be solved by getting them all together in a new conference called under the auspices of the federal government is a rather far-fetched one.

Mr. Ferguson: May I interject? I have had years of experience with claims of insurance companies. My experience covers thirty years. I heard Mr. Baillie. I lived in Manitoba, and I have been in every province in this country. I know the insurance companies' problems. They have the best records on automobile accidents, and ideas for prevention of accidents. I think Mr. Baillie was absolutely marvellous, and enlightened every Ontario resident, insurancewise and governmentwise at the Royal York hotel. I heard their remarks after he had spoken, and the majority said: "Why don't we adopt something of that kind here"? His suggestions were suggestions that could have been well adopted, and would have prevented accidents that are killing off people in Ontario. They could be adopted here and across the country just as they have been in Manitoba. If the provinces were brought together through the good auspices of the federal government, or of any other body, and Mr. Baillie could give his talk and the successful ideas that are in practice in Manitoba could be put into practice across the country, it would be a godsend to the Dominion of Canada.

Mr. Garson: I wish to thank my hon. friend for his interjection. Naturally, I agree with everything that he has said. However, one of the things he said or implied was that as a result of Mr. Baillie's speech at the Royal York hotel in Toronto none of these things has been adopted as yet. That perhaps is no reason why we should not once more try to secure their adoption.

My purpose in making these remarks was that if we, in consultation with the provinces, —because I do not think there will be much purpose in calling a conference in which they were not willing to co-operate—should call a conference, I will say to my hon. friends in advance: If such a conference does not produce the miracles that they are

projecting, do not blame the caller of it or the provincial administrators who take part in it.

Mr. Brooks: I did not intend to enter into this debate, but having listened to the minister and the other hon. members who have spoken I realize, as I always have, that this is an important subject. I agree entirely with the hon. member for Kamloops in his suggestion that there should be a dominion-provincial conference on this matter. After listening to the minister in the last few minutes I am more convinced than ever that there should be one, because the strongest arguments used for such a conference were those used by the minister himself. He pointed out the fact that the situation in Manitoba was better than that in any other province of Canada, and I thought it would compare favourably with any state in the United States. If that is the situation in Manitoba—and the problems in the rest of Caanda are the same as those in Manitoba—the rest of Canada should have the benefit of what has happened in his own province.

As an argument against that he said that the provinces differ. We all realize they do not differ so far as the driving of motor cars is concerned. The man who drives a car in the city of Montreal also drives a car out through the province of Quebec and in the rural sections. The man in the rural sections of Quebec must come in to the city of Montreal or to the city of Quebec or to some other city. The same thing applies in Manitoba. You have your rural drivers who come into the city of Winnipeg and the city drivers go out into the country. That happens all across the country. The people from New Brunswick drive into Quebec and Ontario. It is all one big problem as far as the provinces are concerned.

As I say, I would approve very strongly of the suggestion of the hon. member for Kamloops that there should be a conference on this matter. The people are becoming more accident-conscious all the time as accidents increase in Canada.

One matter that impressed me was the suggestion regarding education. We are discussing an offence, and the offence is committed after the drunken driving has occurred. The matter of education is one that should be considered not only at a dominion-provincial conference but in our own provinces. We should educate our young people; we should educate our older people. And we should also try to prevent the accident before it occurs. I am reminded of an accident that happened in my own province just a few months ago. The same type of accident is happening all the time. Four men were drunk in a car. They went to a filling station. The filling station operator recognized that they were drunk, but instead of notifying the police, as he should have done, the men were allowed to continue on their way and within an hour's time they were all reported dead from a serious accident. As I say, that is the type of accident that is happening all the time.

Here we are considering the offence after it is committed. More should be done to prevent the serious things from happening. I am of the opinion that if a man sees another man drunk, and allows him to go on driving his car without notifying the police, he is committing an offence. I know how difficult it would be to make it a criminal offence, but it is an offence. Perhaps we should educate our people with respect to this offence and make them more conscious of the fact that if one sees a drunken man getting into a car he should pick up the telephone and notify police that this man is not fit to drive a car. They should take steps to stop him from driving.

I just rose to say that I approve of what has been said by the hon. member for Kamloops and I believe that good results could be obtained by having a conference such as has been suggested.

Mr. Ferguson: I should like to interject this brief observation. After Mr. Baillie had spoken in Toronto these remarks were made by the majority of the people there: "It was a very interesting discussion". The men who were listening to Mr. Baillie were not top government men, and they should have been. They said: "Well, I just came down to hear what he had to say, but he certainly had the facts. If I suggested that to the minister he would tell me to mind my own business." I think that attitude is prevalent among deputy ministers and ministers. If a junior civil servant, or a top civil servant, were to listen to Mr. Baillie he would realize that what he says is true. I would ask this government to set an example and write to the premiers of each province, bringing this to their attention.

A lot of time has been spent on the subject in parliament. We could well afford to adopt Baillie's ideas throughout the country. I have probably had more to do with automobile accidents—not my own, thank goodness—as an adjuster than any other man in the House of Commons over a period of some thirty years, and I recognized very quickly why Baillie in the province of Manitoba was achieving the results he definitely did achieve. These methods are not practised in other

provinces and they should be because they have been tried and proved to be correct. They are profitable in Manitoba and would be in Ontario. There is no doubt about it. I believe the federal government can only go so far in requesting, but if they make such a request and no attention is paid to it then they will have done all they can do. Something should be done to bring the matter to the attention of the top authorities in every province.

Mr. Johnson (Kindersley): Mr. Chairman, I think the thing that should be spotlighted in discussing these sections of the Criminal Code is the matter of driving while intoxicated and driving while ability is impaired. Fifty years ago we did not have the problem of drunken driving because no matter how drunk the man was the horse still had some sense. I believe it is even claimed that the model T had a little character, but today when cars have 200 horsepower motors I think we have got to give the most serious consideration to drunken driving and driving while ability is impaired. I think it is an unfortunate thing that the term "impaired by alcohol" should ever have been coined. What standards are we going to use to determine that a man's ability is impaired? Is his ability impaired when he has had one drink of liquor or half a dozen beers? What impairs a man's ability?

A number of tests are dealt with in an article in *The Rotarian* by Don Wharton. He refers to Sweden, and I think what he has to say is of interest. The article reads in part:

> Everyone knows that heavy drinking makes for irresponsible, reckless driving. But Dr. Leonard Goldberg, of Sweden's Caroline Institute, wanted to know about the effects on driving of light drinking —just a few beers or highballs. To find out, he tested 37 skilled drivers, aged 20 to 45, most of them instructors at driving schools.

The article continues:

> Dr. Goldberg concluded that even a slight amount of alcohol "caused a deterioration of between 25 and 30 per cent in the driving performance of expert drivers." And on the three tests most closely corresponding to actual driving, ability was impaired on the average by 41·8 per cent.

These findings were confirmed by experiments conducted in Toronto recently. A study was made of 919 drivers involved in personal accidents and the conclusion was reached that alcohol became a factor in causing accidents at concentrations as low as 3/100 per cent, and such a concentration can result from one beer or cocktail. When we are using terms such as impairment of a person's ability to drive I think we should have some standard to judge the extent to which ability is impaired. In my opinion the man who thinks he is cold sober but has had several drinks is a more serious menace than the one who knows he is drunk because the reaction times of the first man are reduced. He thinks he is a competent driver and will therefore assume risks that a man who realizes he is drunk would not take.

In order to assist law enforcement officers—and this is the point I want to make—I think we must strive to use all the mechanisms at our disposal to determine the state of drunkenness or impaired ability, if you wish to use that term, with which a driver may be affected. I think we all know of too many cases where the police have known that a man was drunk but could not prove it. I know of accidents in my own locality where everyone knew that the individual involved in the accident was drunk, but the standards of procedure now found in our Criminal Code are not sufficiently adequate to prove such drunkenness.

In subsection 3 of section 224 chemical analysis is mentioned but it is not related to any specific figure. Therefore it is, in my opinion, meaningless. What is the use of saying that a chemical analysis can be considered as evidence when you do not set out any range in the act? I think we should follow the advice of some of the leading countries of the world in this regard. In Sweden there is a compulsory blood test, and where a person has a concentration of 1·5 per thousand they are considered intoxicated and are sentenced to imprisonment for one year unless there are extenuating circumstances. If the alcohol concentration is between 0·8 and 1·5 per thousand the driver has to pay a fine. In both cases the licence is suspended for a longer or shorter period.

In many of the states of the United States a blood test is used in conjunction with other means of determining a man's drunkenness. If the alcoholic content is under ·05 per cent the defendant is not under the influence. Where it is in excess of ·05 and less than ·15 he may be considered drunk when that factor is taken in conjunction with other evidence. If it is ·15 per cent or more he shall be presumed to be under the influence.

I should like to see us take a firm stand on the matter. We cannot beat around the bush with our Criminal Code. We cannot expect our law enforcement officers to take a vigorous stand in the performance of their duty unless they have something to back them up. I should like to see a chemical test provided which could be used by the law enforcement officers. I would not make the chemical blood test compulsory because there are circumstances where it would be impossible and undesirable to make a blood test. I am thinking of an accident occurring perhaps fifty or sixty miles away from a hospital. I certainly

would not want to burden the law enforcement officers with the responsibility of taking a blood test in that case.

But a large proportion of accidents occur in the urban areas where the services of a doctor are not far away. At the request of the law enforcement officers a blood test should be made and refusal to submit to a blood test should be considered as evidence of guilt. Such a test would be used in conjunction with other evidence. After we have given the law enforcement officers a fair chance to interpret the law and determine if a man is drunk, why start being chicken again? The bill provides for a fine for a first offence of not more than $500 and not less than $50 or imprisonment for three months or both. I do not like the word "or" in there because I think that if an individual has sufficient money to purchase liquor he will have sufficient money to pay a $50 fine.

The purpose of any penalty in this regard is related to the principle of a deterring influence. I am more than convinced that three months in jail would do more to inhibit intoxicated drivers than any fine you could impose. These are points I should like to bring out. I should like to see very careful consideration given to introducing a blood, breath or body test of some description based on the experience in Sweden or the United States which could be used in conjunction with other physical tests. After we have given our law enforcement officers a chance to protect us by being able to know when a driver is drunk, we should then put the maximum teeth in the law to prevent future occurrences.

Mr. Garson: Before the hon. member takes his seat I wonder if he would tell us whether he read subclause 3 of clause 224 before he made his remarks?

Mr. Johnson (Kindersley): Yes, but I think there should be some statement of the percentage such as ·15 or ·10, or whatever it may be to act as a guide. I believe there should be some scale or limitation.

Mr. Garson: I believe the hon. member is under some misapprehension. The analysis is admissible. It will indicate a certain alcoholic content in the blood. On the strength of that, along with the other evidence, the magistrate can then reach a decision as to whether the accused was intoxicated or impaired.

Mr. Howe (Wellington-Huron): Mr. Chairman, I rise to take part in this debate today in the belief that we all realize there have been sufficient arguments put forward to prove to all hon. members just how tremendous a problem the question of safe driving poses. I believe every government and village council through the federal government realizes the extent of the problem we have to face in trying to control this particular phase of modern life. One thing, I believe, we overlook in so many of our arguments is the human element. On other aspects we have all the statistics we require, but there is one element on which we cannot obtain statistics and that is as to how a human being will react under given circumstances. The driving of an automobile has become one of the most commonplace things in our life today, and every child today will inevitably drive a car at some point during its lifetime.

Every day we see the ordinary, quiet individual who goes along quite peacefully and is a model of decorum under ordinary circumstances, but when he gets behind the wheel of a car his ideals change. He is in control of a monster and he does things he would not dream of doing under other circumstances.

Governments today have done everything they can to make our highways safe and to remove every obstacle to safe driving. In fact, I remember a year or so ago an officer in the provincial police addressed our service club. He spoke about that very same thing and he mentioned the Queen Elizabeth highway. That is not our most recent highway but at that time it was supposed to be the last word in safety. There were not going to be any more bad accidents. But what happened? That highway was smoother, straighter, and better in every way and people became masters of their own destiny, but they drove faster and accidents continued to occur. We have, of course, the new turnpike going into the city of New York, but on days when there is heavy traffic on that turnpike the authorities have had to instruct groups of policemen to lead these so-called sensible people into New York so they would not have an accident on the way. That is the sort of thing we are dealing with here today.

I was pleased to note that the Minister of Justice in speaking about the United States suggested that the United States average as regards accidents was probably less than in Canada. In view of that fact, and in view of the suggested conference between the provinces and the federal government, I would like to suggest, as did my colleague for Royal, that the education of our youth should be considered at that conference. I know how jealous we all are of treading on the toes of the provinces when it comes to things over which they have control, but I believe the education of our youth is one of the most essential things in regard to the removal of

the problem of dangerous driving, a problem which has become tremendous in this country today.

I am therefore in favour of this type of conference and the idea that education should be discussed at such a conference. Someone has to take the leadership and I suggest the federal government could take the leadership in calling such a conference at which the problem of education among the youth of our country today could be fully discussed.

We hear suggestions made about educating people through TV programs, the radio, magazines and signboards, but we have these things already. I maintain that the driving of a car is such an ordinary thing for a person today that the only solution is that we should have a course in safe driving for every one in our high schools. Such a course should be incorporated in the educational system and through the medium of such training the youth of today will realize that the motor car is not just something to give them pleasure, something to carry them from one place to another comfortably, but that it is also something which has dangerous possibilities. They would realize it is something they would have to control and keep under control all the time.

It is with a great deal of pleasure, Mr. Chairman, that I bring these ideas before the house and sincerely hope that if a conference is called the question of educating our youth while still in high school will be discussed.

Mr. Johnson (Kindersley): Mr. Chairman, reverting to the point raised by the minister I would like to point out that subclause 4 of clause 224 points out that no person is required to give a sample of blood. Since no person is required to give a sample of blood then subclause 3 is meaningless. Subclause 3 simply states that a chemical analysis of a sample of blood, urine, breath or other bodily substance may be admitted in evidence. But subclause 4 states that no person is required to give a sample. I would suggest that these two factors be made compatible in some way because a person can simply refuse to give a sample of blood, as they will in most cases, and in addition there is no scale of percentages which could possibly guide the law enforcement officers.

Mr. MacInnis: Mr. Chairman, I would like to say a few words on this matter largely because I do not agree with the position taken by the hon. member for Kindersley. If my memory serves me right clause 223 is a later addition to our Criminal Code. Under clause 222, driving while intoxicated, it was found difficult to get convictions. My understanding is that it was found much easier to obtain a conviction under the section dealing with impaired driving. It is also my understanding that more convictions were obtained under that section than could possibly have been obtained under the provisions in section 222. The reason for that is obvious. You do not require to prove that a man is driving while impaired. He proves that himself by the manner in which he drives when he goes through a red light, sideswipes another car, or runs into the rear of another car. If he did any of these things then the fact that he was impaired could easily be established. I am not an authority on this, but I am not so sure convictions could be based entirely on blood tests and the amount of alcohol found in the blood.

My understanding is that some men—and some women, I suppose—can hold their liquor better than can others. One man may be badly befuddled after one drink while probably another person could drive reasonably well with two or three drinks under his belt. I do not want anyone to think that he might be able to do that. I am merely saying that it just might be possible. For that reason I do not think the blood test in itself could be complete evidence of intoxication. I therefore believe—and this is really what I rose to say—that section 223 is the most effective section we have at the present time for dealing with this matter of drunk driving.

Mr. Nesbitt: With regard to this section 222, there are four aspects upon which I should like to make a few comments. The first one is with respect to procedure under this section. As the section is worded at present and as it has been worded in the past, it is up to the crown attorney to decide whether or not he will proceed by indictment or will proceed by the method of summary conviction. A number of people made it known to me that there ought to be some chance for the accused to elect trial under this section; in other words that provision should be made so that the accused may have some say as to whether he will be tried by a magistrate or will have the opportunity of being tried by a jury.

I know quite well that for practical purposes it is much more expedient to try cases under this section by a magistrate. It gets them cleared up much more quickly. Hence in practically every case the crown attorney will proceed by the method of summary conviction and not by indictment. But in cases that involve a mandatory prison sentence—as do cases under this section—it seems to me that the accused should be allowed to have to have trial by jury if he so desires. I grant you that, from the way the section is worded, if he had the right to elect trial by jury and

if he so elected, he could probably get a much heavier sentence if he were found guilty. Nevertheless, I feel that this matter should not be entirely up to the crown but that the accused should have some say as to whether or not the case is proceeded with by means of indictment or by means of summary conviction.

The second matter I should like to comment on briefly is one which was raised by my colleague the hon. member for Kamloops; I refer to the matter of the possibility of a dominion-provincial conference concerning death on the highways. The minister has suggested that there would be certain practical difficulties in dealing with this matter because conditions vary greatly as between the different provinces. For instance, conditions in Manitoba are quite different, as the minister has pointed out, from those in the city of Montreal or in the city of Toronto. I believe that the hon. member for Royal has pointed out rather well that this is a nation-wide problem, and that people who drive in Toronto today may very well be driving in the country the next afternoon and so on.

There is one other matter upon which I should like to make some comment in this connection. If such a conference were held, I believe it should take into consideration the age at which licences might be granted to people. Earlier this afternoon we heard some figures given by the hon. member for Ontario. He stated that he had certain figures which showed that most accidents were caused by people in the age group 25-40. With all respect to the figures that were given by my colleague, I cannot help feeling that rather poor statistical methods were used in arriving at this conclusion. Obviously the age group 25-40 is the one in which are—from the absolute point of view—by far the largest number of drivers. You have fewer drivers over that age and fewer drivers under that age. If the figures had shown the number of accidents per thousand in that group, they might have been a little bit more indicative of the actual situation.

What I am attempting to lead up to is this question of the age at which people should be licensed to drive cars. At the present time in the province of Ontario—I am not sure what the situation is in Manitoba which, I take it from the remarks made this afternoon, has much better arrangements, generally speaking—the age limit at which a licence to drive may be given is 16. That may be a proper age, but I certainly think the question should be looked into. People at the age of 16—and I am not so far removed from that age that I cannot remember what we used to think about at that time—have little sense of public responsibility. They are growing up emotionally and are a bit more unstable than they are at a later age.

Just by way of example, may I say that I was horrified to hear last summer, from some people who were approximately in that age group, that there is a nice little parlour game which teenagers play with jalopies which as a rule have no brakes and few safety devices, and which they had been allowed to purchase by their parents. This game is called "chicken". It is a nice little parlour game, only it is played on the highways, wherein two carloads of teenagers approach each other as fast as the jalopies will go, and the driver of the jalopy that first swerves away at the last moment is known as "chicken". They also have another little game that is played along the same lines, where they get about six people in the car, three in the front and three in the back, and the driver climbs out from behind the wheel and gets in the back seat and the next person in the front seat moves over. I understand that the rules of the game are that you must be going 60 miles an hour to do this. That again is a thing that you very often get with people who are 16 and 17 when driving cars. I cannot help feeling that this matter should be considered. I am not suggesting that, without due consideration, the age limit for licensing should be raised but I think that things like that should certainly be considered.

The third thing upon which I should like to comment is something that I mentioned in remarks previously in committee when we were discussing this section. I believe the same subject was commented upon by other hon. members including the hon. member for Vancouver East and one or two others. I refer to the situation where you find a driver of an automobile who has pulled his car off to the side of the road and who is intoxicated. The minister on an earlier occasion made some comments on this matter and there has been certain editorial comment on it; I believe that a week ago today the Toronto *Evening Telegram* had some editorial comment on it.

Just briefly I should like to elaborate my position in this matter at a little bit more length. I agree with some remarks which I believe the minister made, to the effect that if a person is drunk when he got in a car and took off he is clearly breaking the law. There is no argument about that. But let us take the situation where Mr. A, the driver, has been at a party, has maybe had one, two or three drinks, as the case may be, and gets into the car. As most people know, either by personal experience or by reading, alcohol does not take effect instantly. In fact, the

action may be delayed for some little time, depending on the person, his condition, whether he has recently eaten and so on. It may be half an hour before much action takes place.

A person may not be breaking the law when he starts off in the car at all, but as he is proceeding down the road he may find that he is becoming intoxicated. His judgment still being fairly good, he realizes that he is not in a condition to be driving a car and should not do so, and his good sense makes him pull off to the side of the road. I maintain in that case that the person when he got into the car had not been committing an offence; and whether a person, of course, was drunk when he got into the car or whether he was perfectly sober when he got into the car and became intoxicated later is a matter of evidence for the court to decide.

I believe that, on other occasions, the minister pointed out that while that may be true, if a person went to sleep in a car and woke up he might not be sober when he woke up and he might decide to drive the car. I cannot help feeling that it is a rather dangerous principle to start bringing into our law, if we are going to punish somebody for something that he might do at a future time.

I feel that the court should be allowed a little more leeway in connection with drunken driving. I am thinking particularly of the situation where a person is found in a car by the side of the road, and is intoxicated. It is settled case law that a person found under those circumstances can be convicted under this section of having the care and control of a vehicle. I feel that in such a case the court should be given a little more leeway because that person has had the good sense to remove the vehicle from the road. If he had not committed an offence in the first place, and had not been drunk when he got into the car, some consideration should be given.

The last thing I should like to bring up this afternoon with respect to this section is the question of drunks generally. A great many remarks have been made this afternoon about drunks and drunken driving in general. I made some remarks in this respect before, but I should like to elaborate upon them a little further. I feel that drunks generally fall into two classes. First of all, there is what is known in popular parlance as the social drinker. I believe that is the type of person this section of the code is aimed to hit.

I might say that the social drinker is the person—it might be any one of us—who goes to a party and has one or two drinks, but who does not drink habitually. These people are much more likely to be quickly affected by alcohol. They may drive a car and become involved in an accident. When they take the car to the party they know full well that if they get into an accident they should be punished. I agree fully with my colleague, the hon. member for Prince Albert, in the remarks he made. When you walk into a situation with your eyes open, knowing full well what is going to happen, you should be punished rather severely. But that is not the case with a person who is an alcoholic.

I have discussed alcoholism with some members of the medical profession, and I understand it is a disease. Confining an alcoholic to jail is not going to accomplish much. He will be there for seven days, then he will get out and do the same thing again. Under the provisions of clause 225 a man's driver's licence can be removed, and that might be of some help. It is a question of whether or not he gets caught. He might very easily be driving down a road while drunk and not happen to get caught. It is only when he gets into an accident he is likely to be caught. Then, of course, you do have cases where people manage to get away and cannot be found for a while.

On this question of alcoholics I should like to suggest that since they are people who are sick sending them to jail will not accomplish much. If some other method could be used in conjunction with the present penalty, it might be helpful. I am going to submit an amendment to this clause which will be as follows.

The Deputy Chairman: Order. Is that an amendment to clause 225?

Mr. Nesbitt: No, to clause 222, Mr. Chairman. The amendment I should like to suggest would be as follows. At the end of the section as it is at present, the following paragraph could be inserted:

> If any person is convicted of an offence under subsections (a) or (b) of this section, the court may, if the evidence indicates that the accused suffers from alcoholism, direct that in addition to or in lieu of the sentences set out in subsections (a) and (b) of this section the accused shall be confined to a hospital or similar institution for a period not exceeding six months and not less than thirty days for the purposes of observation and treatment.

So there is no misunderstanding of the intention I should like to point out that this suggested addition to section 222 could only be used if evidence was presented to the court which the court believed that the person suffered from alcoholism. The penalty suggested here could be used in addition to

the penalties imposed under section 222 or if the magistrate felt the circumstances warranted, the penalties contained in the amendment could be imposed in lieu of the penalties contained in section 222.

The reason I suggest this course is that it gives the magistrate or the court certain power over the convicted person. If an accused person is convicted of drunken driving the magistrate may, upon evidence being presented that he is an alcoholic, invoke the penalty contained in this proposed section. The magistrate may say he will have to take treatment for a period of three or four months in an institution and may suspend sentence. In addition, the magistrate may impose certain penalties contained in section 222. In other words, it gives the magistrate some power to make a person take some kind of treatment. There would be considerable advantage, not only from the traffic point of view but from the point of view of alcoholics generally. It is an indirect way of dealing with alcoholism to bring it under this section, but it may very well be killing two birds with one stone.

In view of the fact the minister will likely have some comment to make on this amendment, as well as other members, I am concluding my remarks to listen to the minister's comments.

Mr. Garson: I am sure that all of us are most sympathetic to those who are unfortunate enough to be alcoholics. We would like to do anything that would assist them, but it would seem to me that their treatment is something which clearly falls under the question of public health and not under the subject matter of criminal law. For that reason, I would question very much whether an amendment of this sort is constitutional, even if it were thought it was wise to enact it.

My hon. friend says or implies that it is not the alcoholic's fault that he is an alcoholic, and if he were a genuine alcoholic I suppose we would all agree with that. But I do not think it is necessary for an alcoholic to attempt to drive a car while he is under the influence of liquor any more than it would be for the diabetic or the person suffering from tuberculosis. If alcoholism is not a crime but a disease, and that seems to be the argument, then all the alcoholic has to do to avoid conviction under section 222 is not to drive a car while drunk.

Mr. Nesbitt: Will the minister permit a question at this point? The minister says the the person who is an alcoholic does not have to drive a car, and I would agree except that when the alcoholic is in that condition he is not capable of forming a judgment or knowing what he is doing. The minister stated this was a question of public health, but the code does attempt in other places to deal with the criminal sexual psychopath, inasmuch as they are a menace to the public just as the alcoholic is.

Mr. Wylie: Before the minister replies, I would ask him to speak a little louder because we cannot hear a word down at this end of the room.

Mr. Garson: The hon. member has suggested that an alcoholic in driving a car while intoxicated is in a different position from a person who is not an alcoholic. The argument that I was attempting just now to develop was that to excuse an alcoholic for getting drunk does not involve our excusing him for driving a car while he is drunk. If my hon. friend says, as I understood him to say, that such person drives a car while drunk because he is drunk, and does not know any better, I suggest the same could be said of a drunken man who is not an alcoholic.

I think certainly it would be a retrograde step to put in the Criminal Code a provision which would enable a man to create a defence for himself by saying that he was an alcoholic. While my hon. friend does not suggest that, exactly, he suggests that—

> —the court may, if the evidence indicates that the accused suffers from alcoholism, direct that in addition to or in lieu of the sentences set out in subsections (a) and (b) of this section the accused shall be confined to a hospital or similar institution for a period not exceeding six months and not less than thirty days for the purposes of observation and treatment.

Upon what principle of observation of civil liberties and the like could the hon. member justify sending a man to a hospital for six months as punishment under the criminal law because he happened to be brought up on a charge of driving while drunk or driving while impaired. It seems to me that the punishment would be out of all proportion to that particular offence, because it may be in addition to the existing penalties. And in any case, as my hon. friend clearly indicates, the alcoholic is to be committed to the hospital for the alleged purpose of observation and treatment.

The treatment of alcoholism I would suggest is a matter of public health. I would not think it wise to attempt to pass this amendment; and even if our power to do so were unquestionable—which I do not think it is—I do not think we should pass it anyway. For my part as minister of the justice department, I would not dream of imposing this sort of burden upon municipally or provincially operated hospitals without consultation with them. How do we know what

facilities they have to care for and guard a prisoner who came to them as the result of a magistrate's order in the manner suggested in my hon. friend's proposed amendment?

I have no objection at all to giving consideration to my hon. friend's suggestion, and discussing it with provincial authorities to see if it is workable and whether and if perhaps the same result could be achieved by constitutional amendment to provincial law to the same effect. If my hon. friend would be content to accept my undertaking in that regard, I would be glad to give it. But I am afraid if the amendment is put to a vote I would most certainly have to oppose it strenuously.

Mr. Fulton: Is not the same principle involved as when a man is committed to a mental institution for observation? Has he considered whether we are imposing a burden upon the provinces when a man is confined to a provincial mental institution as the result of a jury having brought in a verdict on a capital charge to the effect that the accused is insane? Admittedly there might not be as many who would be placed in those circumstances as there would be of those found suffering from alcoholism; but I suggest the principle is the same.

If under the criminal law we have in the one field the right to impose certain administrative obligations upon the provinces, then it seems to me we have the same right in the other field. The minister is no doubt correct when he suggests that where there is a heavy burden imposed there should be the opportunity of prior consultation; but it seems to me the principle is the same.

Mr. Garson: I think if my hon. friend will examine the statutes he will find that persons are committed to provincial insane asylums and hospitals and the like under apt provincial or municipal laws in that behalf.

Mr. Fulton: Not where they are found not guilty by reason of insanity on a capital charge.

Mr. Garson: Oh yes. They are found not guilty because of insanity, under the criminal law. But when it comes to getting them into provincial institutions they have to be certified as being insane, under the legislation under which the institution operates. And of course there is no difficulty in getting a certificate because a psychiatrist is only too willing to give it. That is the basis of their admission. But here the hon. member suggests that we use the Criminal Code as the basis for admission to a provincial institution.

The other point my hon. friend raised was the age at which a licence should be given, and he implied that the young driver was the dangerous driver. These figures offered as a sample of provincial experience might be of interest to him. From 16 to 19 years of age the figures show that there were nine involvements per hundred drivers; from the age 20 to the age 24 there were 12·1; from 25 to 34 there were 9·8. And the figures go on progressively, showing a steady decline from the group aged 20 to 24. So that these figures do not support my hon. friend's suggestion that it is the drivers from 16 to 19 years of age who cause the greatest risk.

The Deputy Chairman: Is the committee ready for the question. The question is on the amendment. All those in favour will say yea.

Some hon. Members: Yea.

The Deputy Chairman: Those opposed will say nay.

Some hon. Members: Nay.

The Deputy Chairman: In my opinion the nays have it.

Amendment (Mr. Nesbitt) negatived.

The Deputy Chairman: Shall clause 222 carry?

Mr. Bell: I suggest to the minister that in view of the fact the amendment has been turned down he now has reason, by his own admission, for calling a dominion-provincial conference to study the matter.

Clause agreed to.

Clauses 223 and 224 agreed to.

On clause 225—*Order prohibiting driving.*

Mr. Fulton: This is the clause under which the right of a judge or magistrate to prohibit a person from driving is conferred. I would ask the minister whether, as a result of the discussion on the earlier occasion, any consideration has been given to the matter of laying down a minimum period for which the cancellation shall be continued under section 225 (1) (a), so that there would be uniform practice across the country and so that it might be clearly written in the clause that the suspension is regarded by parliament as a major weapon in fighting highway accidents of this sort. We would wish to be assured that it is not used lightly, and that it is for a substantial period, for reasons I advanced earlier and which I shall not repeat.

Mr. Garson: The point the hon. member has raised was considered, but the course he suggested was rejected because we are of the view that the provincial authorities who have the primary responsibility for enforcing the law in respect of drivers' licences are, in

relation to the circumstances in their provinces, in a better position to judge what would be the appropriate period of time to deprive a driver of a licence to drive which he holds from them.

As I am sure my hon. friend knows, this is not the only provision; they have supplementary provisions. As I said earlier, in at least one province in Canada when a man appears on three separate occasions his licence is cancelled for life. This is a matter which, with the provisions that we have in the code as it stands, could be very well left to the discretion of the provincial officers.

Mr. Fulton: The point the minister has raised is one which seems to me to make it desirable that there should be some minimum provision in subclause (a) because, as he has pointed out, the magistrates and judges have the right to suspend the licence for infractions of provincial statutes, or some provincial statutes, when these cases come before them. Here we are creating the right to make an order to prohibit a person from driving after an infraction of the Criminal Code. If the charge is laid under the Criminal Code, then it would not be laid under the provincial highways act or the motor vehicles act, or whatever it may be, which may create a related offence. You would not have a prosecution under the two at the same time. It may be that when the third offence is committed it can only be prosecuted under the Criminal Code.

If the minister thinks it is a good practice that in the province of Manitoba where there have been three convictions for drunken driving the licence should be suspended for life, why do we not put it in the Criminal Code here and say that after a person is convicted three times for this offence, then the judge or magistrate shall make an order cancelling the right to drive for the rest of the person's life.

Mr. Garson: For the simple reason that this law, that is the law under the Criminal Code, plus the correlative laws in provincial statutes, are no more effective than their enforcement. The policy of enforcement is one of the main factors in their effectiveness. That being so, we think that it is the course of wisdom to allow a considerable measure of discretion to the provincial authorities as to what attitude they wish to take with regard to the suspension of licences. In the case to which he referred, one provincial policy has been adopted that is not uniform. Some other provinces do not take the same view. I think my hon. friend will agree that in this, and in many other provisions of the Criminal Code, the policy of enforcement in relation to it is entirely determined by the provinces and in the end it is they who are going to decide what that policy of enforcement is to be.

Mr. Fulton: Yes. Is it not true to say that it is the policy of enforcement in so far as whether or not prosecutions will be made under the act; but surely it is the prerogative of the federal parliament to say if it is creating an offence what the punishment for that offence will be. That is what we are dealing with here. Should there be a prescribed punishment that automatically follows in every province after the commission of this offence, or will the penalty itself be left to the discretion of the provinces?

It is no interference with provincial jurisdiction or autonomy in any way to suggest that here, where the parliament of Canada is creating or defining an offence and saying that a certain course of action will be the function of the Criminal Code of Canada, we should do the other thing which parliament has always done in connection with that and say what penalty shall follow as a result of the commission of that offence, if the accused is found guilty. That surely should not be argued as taking away any right from the provinces.

Mr. Garson: I would point out to my hon. friend—and I think he is aware of it, and would agree with it—that clause 225 that we are discussing enables the magistrate, in addition to the other penalties that he may impose, make an order prohibiting a person from driving a motor vehicle on the highways in Canada:

> (a) during any period that the court, judge, justice or magistrate considers proper, if he is liable to imprisonment for life in respect of that offence, or
>
> (b) during any period not exceeding three years, if he is not liable to imprisonment for life in respect of that offence.

A magistrate has, in respect of any offence committed under this clause, the authority to order the driver not to drive for a period of three years. I am sure my hon. friend does not want that discretion increased.

Then why should we interfere with the magistrate's discretion by setting a minimum penalty for him in a manner which we have not done in any of the other provisions of the Criminal Code, except in relation to the fines imposed for driving while drunk, driving while impaired and theft from the mails. I think these are the only three cases in which we provide the minimum punishment. I see no reason why we should do so in this case.

Mr. Knowles: I have been comparing the wording of clause 225 (1) (a) and (b) with the wording of section 285 (7) (a) and (b) in the code as it now stands. While there has been a juxtaposition of words, I do not detect any difference in effect. What I should like to know is this. Since the provision, both in the old wording and the new, refers to the possibility of a licence being cancelled for any period of time only if the person is liable to imprisonment for life in respect of the offence, on what basis does our province of Manitoba suspend the licence for life in the case to which the minister referred? I am not objecting; I would simply like to know the legal basis for what is being done.

Mr. Garson: Well, as part of the provincial law in every province, the provincial administration have the right to say upon what terms they will grant licences to operate motor vehicles upon the roads of that province. Pursuant to that power, they say that where a driver has been convicted on three separate occasions of driving while drunk he shall not get a licence to drive a motor vehicle upon those roads.

Mr. Knowles: It is done under the motor vehicle act of Manitoba, rather than under the Criminal Code?

Mr. Garson: Yes, that is right. I am sorry if I have not previously made that point clear. In reply to the objections taken by the hon. member for Kamloops, my point was that every province in Canada having the responsibility for enforcing these provincial acts and the Criminal Code, and having the power to pass prohibitions of this kind, which seem appropriate to them under the circumstances in that province, we have gone a long way in clause 225, and we should not go any farther.

Mr. Maltais: I was wondering whether the minister could indicate to the committee what happens to a driver who has lost his licence under this new law. If he applies to the remittance board to get his licence back, what would be the attitude of that board? If representations are made on behalf of some province how would that affect the situation? Let me put my question this way. If a driver lost his licence by reason of a charge laid under a provincial statute, or under the Criminal Code, what would be the attitude of the remittance board in each case?

Mr. Garson: If the offender lost his licence because of a breach of a provincial statute, his application for remission would have to be made to the provincial remission board and only that board could grant remission. If he had lost his licence by reason of an order made under the Criminal Code, the application for remission would be made to the federal remissions board in Ottawa, and then this federal remissions board would have to decide on the facts of the case as to whether remission should be granted, and in each case the decision would be reached by the appropriate remission board upon the facts that were before it.

Mr. Maltais: The remission board in Ottawa would have no jurisdiction whatsoever to give back the licence of a driver who had been convicted under a provincial statute?

Mr. Garson: The matter would never come before it.

Mr. Knowles: The minister has made it clear—

An hon. Member: Six o'clock.

The Deputy Chairman: Shall the clause carry?

An hon. Member: No.

At six o'clock the committee took recess.

AFTER RECESS

The committee resumed at eight o'clock.

The Deputy Chairman: At the dinner recess the committee was discussing clause 225.

Mr. Knowles: Mr. Chairman, there was really just one more question I wanted to ask the minister before we rose at six o'clock. One realizes, of course, that one question can sometimes lead to another. The minister had indicated that in the case of Manitoba a person who is convicted three times of driving while impaired has his licence cancelled permanently, and that that is done by a court in Manitoba under the provisions of the Manitoba motor vehicle act. I take it then that the instances to which he was referring were not carried out in the sense that it was a case of a justice or magistrate availing himself of the right set out in clause 225 of this bill. What I would like to know is this, bearing in mind that clause 225 has been on the statute books as section 285. I would like to know whether there have been any cases in Manitoba or in any other province where this provision has been used under which magistrates have cancelled licences for a period up to three years or any longer period because of offences under the Criminal Code.

Mr. Garson: Mr. Chairman, I am sure I am correct in saying, although I cannot give a concrete example, that orders have been made under this section 225, because I have quite a strong recollection of having signed remission orders in relation to such orders as those under section 225. If my hon. friend looks at the language of clause 225 he will see that it does purport to authorize the cancellation of the accused's motor licence. Under this section the magistrate or judge may simply make an order prohibiting the accused from driving his car.

Mr. Knowles: Has that been done?

Mr. Garson: Yes, that has been done.

Clause agreed to.

The Deputy Chairman: We turn now to the group starting with clause 150.

On clause 150—*Obscene matter.*

Mr. Fulton: Mr. Chairman, I believe clauses 150 to 153 were allowed to stand and I appreciate the minister and the committee agreeing to that arrangement. I wanted to say a few words about this group of clauses, mainly from the point of view of objectionable literature, not so much obscene objects or other matters.

In 1949 the house passed an amendment to section 207, which now becomes clause 150, which generally speaking had the effect of making it an offence to print, publish, circulate, or sell, or have in possession for any of the aforesaid reasons, a crime comic. That was adding a new type of literature to the type of things prohibited under section 207. Then, in addition, the amendment had the effect of removing one element of the defence which previously had been that if a person could show he had no knowledge that he had in his possession for any of these purposes obscene or offensive matter it was open to him to raise that as a defence. Parliament decided in 1949 that obscene literature or objects and crime comics are to some extent self-evident, and that a person who had them in his possession and offered them for sale should know about them, and where he intended and was willing to take a profit on the sale of these things it would not be open to him as a defence that he did not know he was selling an offensive object.

I think it is fair to say that following the enactment of that amendment in 1949 that particular type of literature, which was the occasion of the amendment, namely the crime comic, disappeared for a time from Canadian newsstands. It was not very long before they began to reappear in a different form. First of all a lot of material which really dealt in pictorial form with a quite different subject matter, began to appear, but it was not very long after that before it began to reappear in something very closely resembling its original form, and we now find vast quantities of crime and horror comics once again circulating in Canada.

We had a further discussion of this question of objectionable literature in the spring of 1953 when a resolution which I moved was before the house. On that occasion I asked for the setting up of a joint committee of the house and the Senate to deal with the question of filthy literature generally, and the minister in replying to the debate on that occasion, and I hope I can give a fair summary of his argument, said that while the problem was still serious it seemed to him that the best answer to the problem lay not so much in further amendment of the legislation—I had asked that a committee be set up to study the question of recommending amendments—the minister said the main answer lay in the vigorous and effective enforcement of the existing legislation.

With respect to the matter of crime comics, Mr. Chairman, I do not wish to weaken my argument along other lines, but I am inclined to say that I agree with the minister that the legislation as it existed after amendment in 1949 was pretty comprehensive and should have been quite effective in dealing with that particular subject matter. A good deal of the reason why crime comics and horror comics have been reappearing is found in the fact that there has not been a sufficiently vigorous enforcement of the present provision. Crime comics in 1949 were fairly broadly defined. The definition was contained in section 207, subsection 3 as follows:

> "Crime comic" means in this section any magazine, periodical or book which exclusively or substantially comprises matter depicting pictorially the commission of crimes, real or fictitious.

That seems to me now and seemed to me then a pretty broad definition and yet these things reappear in increasingly large numbers.

I want to say a word about the extent of the menace presented by this type of literature, both crime comics and obscene literature generally, because I want to suggest a still further amendment to the clause. I realize at the outset that there has been a broadening of the definition in the proposed section 150, and I want to give full credit to the effect of that broadening of the definition but I suggest that there is room and indeed necessity for another amendment. That has to do with the penalty for a person who commits this offence. In order to make my case on the penalty aspect of the matter I should like to lay before the committee again some considerations as to why this thing seems to

me to be one with which it is most essential that parliament should deal and that it should impose heavy punishment on persons who commit the offence. I am not going to rehearse all the arguments that were used in 1949 and which were felt by parliament at that time to be sufficient arguments for making this type of literature an offence under the Criminal Code. However, I want to draw to the attention of the minister and of the committee the type of thing which is circulating in Canada today, notwithstanding the prohibition which has been in our law since 1949.

I should like to refer the committee to some material compiled by a Dr. Fredric Wertham, who is a very eminent psychiatrist in the United States of America and who has been working on this problem for a great many years in that country. The reason for referring to the experience of the United States of America is that, by and large, the type of pulp comic magazine that circulates in Canada today originates in the United States. In some cases it is imported in its magazine form and in some cases the plates are imported and the magazines printed in Canada. Dr. Wertham has compiled sufficient information to convince me—and, I suggest, any other thinking person who has the welfare of young Canadians at heart—that this type of literature constitutes a real threat to the welfare of the whole nation. He has recently written a book entitled "Seduction of the Innocent" which is published in the United States by Rinehart and is to be published in Canada by Clarke, Irwin and Company. I think it is April 23 that the book is to appear. I have had the privilege of reading advance proofs of the book which have been made available to me through the courtesy of the Canadian publishers. I should like to refer the committee to some of the things that Dr. Wertham has to say about the degrading effect of this type of literature. It is going to be difficult for me to refer to the pages in the book because what I have here are galley proofs, and the page references are not going to be the same. But at page 96 of the galley proofs the book contains this passage:

> I found a good opportunity to study what one might call the cultural role of comic books in small stores in very poor neighbourhoods where immigrants or migrating minorities have moved into a section of the city. For example in a small candy store frequented almost entirely by Puerto Ricans who had moved into the district there is no other reading matter aside from comic books. But of them there is a large secondhand supply limited to the violent and gruesome and sexy kinds. There are always children around, including very young ones, and this is their first contact with American culture.

[Mr. Fulton.]

Transposing it one might say—and still be within the realm of fact—with respect to immigrants into this country, it is their first contact with Canadian culture. To continue the quotation:

> They cannot even speak English, so of course they only look at the pictures. They have not yet heard that the experts of the comic book industry have found that comic books teach literacy, so they don't learn to read from them. But here their little money is taken away from them. Late in the evening, and into the night, children collect at this store, which is also a place for that much hushed-up phenomenon child prostitution of the youngest and lowest-paid kind.

I suggest to you that those are not harsh words to apply to the effects of this type of literature, namely child prostitution of the lowest-paid kind. That is going on in almost every Canadian city today.

I find today, just as we found in 1949, that there does not seem to be a general realization of the extent to which this type of literature circulates amongst children in Canada at the present time. To illustrate the effects of this type of literature on the minds of children I should like to refer to another passage in this book of this eminent psychiatrist which appears at pages 4 and 5 of the galley proofs which I have before me. Dr. Wertham describes the clinic, held at the psychiatric institute of which he was then the head, for the purpose of discussing the effects of these comic publications on a certain child who had been led to commit a crime. This child had no more criminal instincts when he was born than any other child may have; yet he had been exposed to these things and he had, for no apparent reason, shot a spectator at a baseball game in New York. They held a clinic on the boy. They were much concerned about the matter and they tried to ascribe reasons for his behaviour. The passage is as follows:

> When the Lafargue staff conferred about this case, as we had about so many similar others, we asked ourselves; How does one treat such a boy? How does one help him to emotional balance while emotional excitement is instilled in him in an unceasing stream by these comic books? Can one be satisfied with the explanation that he comes from a broken family and lives in an underprivileged neighbourhood? Can one scientifically disregard what occupied this boy's mind for hours every day? Can we say that this kind of literary and pictorial influence had no effect at all, disregarding our clinical experience in many similar cases? Or can we get anywhere by saying that he must have been disordered in the first place or he would not have been so fascinated by comic books?
>
> That would have meant ignoring the countless other children equally fascinated whom we had seen. Evidently in Willie's case there was a constellation of many factors. Which was finally the operative one? What in the last analysis tipped the scales?

Slowly, and at first reluctantly, I have come to the conclusion that this chronic stimulation, temptation and seduction by comic books, both their content and their alluring advertisements of knives and guns, are contributing factors to many children's maladjustment.

I say again to you, Mr. Chairman, that on the basis of what I know is circulating on the newsstands of Canada today in vast quantities, that statement holds as true in this country as it does in the United States.

At this stage I should like to lay before the committee examples taken from a survey of the newsstands. The survey was made in the city of Victoria. I do not pick out that city because I wish to do a disservice to Victoria. I pick it out because I think that, in the minds of most of us, it is regarded as a staid and law-abiding city. Yet here are what have been circulating on the newsstands in the city of Victoria, as shown as a result of a spot check by an interested organization there. I am not going to give the names of the magazines, but I am going to describe the contents. Here is one number published twice monthly, every second week. Here is a summary of the crimes illustrated in most gruesome and complete detail in this book: Spears used in killing; beating with whip; strangling; skeletons of people already murdered; four killings by hypodermic needle; five murders by hired, paid, killer (killer takes drugs to forget); one knock-out and drowning; one murder with poker, pushes body in car over cliff; murderer drinks self senseless with whisky; dead men returning from coffin for revenge; one hanging; detailed formula for making bombs with piece of pipe and playing cards; one flogging of girl who refused master's advances; one deliberate running down and killing by car.

Here is another one, a story with illustrations—indeed, the story is in the illustrations: mentally deranged undertaker who has secret way of killing and restoring people he wishes to torture; has killed three shown in torture chamber, and kills girl he wants by car; uses hypo needle and keeps her in torture chamber.

Here is another one: man becomes mental and strangles two people. He is branded on back with picture of devil by monsters in picture from hell. He drowns a man. He throws a doctor out of the window; five dead, three strangled and one drowned.

Here is another one: terrifying creature comes out of the swamp, kills man; proves to be man with mask; he is killed. Three men drown by strangling, two corpses and five dead.

And so the gruesome catalogue goes on, Mr. Chairman. We are, or should be, horrified to learn that in Canada today, notwithstanding the provisions of section 207 of the Criminal Code, vast quantities of this material are circulated. Lest anyone should think that this is again a pet subject of a person who uses it just as a pet subject, let me read you an extract I found in the Ottawa *Journal* of March 11 headed "Comic book killing."

Westville, NS, March 11.—Stewart Wright, 13, Wednesday told a coroner's jury how he shot his 14-year-old pal to death March 2 while they listened to a "shooting" radio program and read comic books about "the two-gun kid." The jury returned a verdict of accidental death and recommended that comic books "of the type found at the scene" be banned.

In dealing with this matter I believe it is necessary for us to try to assess responsibility and to provide appropriate penalties. I have said that a good deal of the answer may be found in a more vigorous enforcement. I cannot understand why, with the present provisions in the Criminal Code that I have already mentioned and the present definition of crime comic magazines—I do not like to dignify them by the word "magazine"—this material I have described to the committee is allowed to circulate in Canada. I cannot understand why more prosecutions are not launched. It seems to me one of the answers is that the quantity of this stuff is so enormous that the task of inspecting the newsstands and dealing with it would impose an almost impossible duty on the already overburdened law enforcement officers.

There are a number of interested organizations who have been trying to take some effective action to deal with this matter. But even with the help of these voluntary organizations, parent-teacher associations and so on, the task of policing and inspecting newsstands becomes almost impossible. One can see the magnitude of the task when one realizes it is estimated that about 80 million per month of these books are now published in the United States. I am satisfied that a proportionate number circulate in Canada today, and that would mean something over 8 million a month, and all these are traded about amongst the children in huge quantities. When you think of these figures, then you can contemplate the enormous profits that are made out of this kind of degrading traffic and understand why the publishers and printers laugh at the penalties. They may be penalized for one particular offence. They pay the fine, then change the name of the concern, change the name of the comic book and flood

the market with an equally undesirable type under a new name put out by a so-called new publisher.

We are not going to get effective action to deal with this matter until we make the punishment fit the crime. My suggestion is that we concentrate at the moment upon that aspect of the matter, making the punishment fit the crime. I cannot find better words than those of Dr. Wertham to describe the crime; the seduction of the innocent—the deliberate degrading of the minds of Canadian children for the motive of profit. I cannot find words too strong to condemn the type of person who will indulge in that sort of traffic.

I should like to read again from Dr. Wertham on the comparison between the sort of thing the children want and the sort of thing that they actually get. It seems to me that here he has put up a challenge to the Canadian people as well as to the people in the United States for whom he is writing. I have read you, sir, the account of what this boy got, the lad who killed the spectator at the baseball game with a rifle, and who was sent to the reformatory. I suggest that he killed this man for no other reason than that that was the sort of thing he had been conditioned to seeing in these comic books to which he had been exposed.

Some of the publishers pretend that that is what the children want and that it provides a natural escape for some of the impulses of young children. Nothing could be more ridiculous than the idea that this is the sort of thing to which children naturally turn. It is not the sort of thing to which they naturally turn, and never has been until they were degraded and seduced by the type of literature to which they are now exposed. I was particularly struck by this passage in Dr. Wertham's book, in which he compares what they get with what they really want and what they would be happy with. This is at page 140 of the galley proofs:

> One afternoon, after analyzing the content of the latest batch, I was riding on the subway. Across from me was a nice-looking little boy, totally immersed in one of the bloody thrillers I had just gone over. I found myself in a revery. In my fantasy I was addressing a huge audience of parents, doctors, legislators and officials. This is what I was saying:
>
> "Set the children free! Give them a chance! Let them develop according to what is best in them. Don't inculcate in them your ugly passions when they have hardly learned to read. Don't teach them all the violence, the shrewdness, the hardness of your own life. Don't spoil the spontaneity of their dreams. Don't lead them halfway to delinquency and when they get there clap them into your reformatories for what is now euphemistically called "group living." Don't stimulate their minds with sex and perversity and label the children abnormal when they react. Don't continue to desecrate death, graves and coffins with your horror stories and degrade sex with the sordid rituals of hitting, hanging, torturing. Don't sow in their young minds the sadistic details of destruction.
>
> Set the children free! All they want is to play, to learn, to grow up. They want to play games of adventure and fun, not your games of wars and killing. They want to learn how the world goes, what the people do who achieve something or discover something. They want to grow up to raise families with homes and children and not revel in morbid visions of Batman and his young friend. They want to grow up into men and women, not supermen and wonder women. Set the children free!"

[Mr. Fulton.]

I suggest, sir, that that is the problem, the situation which confronts Canada. It is the same situation as that which confronts this highminded man in the United States: to set the children free. It is to me a matter of profound regret that the legislation enacted in 1949 does not seem to have done the job. I suppose that no legislation of itself ever will do the job. There has to be in the public mind an insistence upon enforcement as well as an awareness of the problem.

But I believe one reason why the problem still confronts us is the reason to which I referred a moment ago, namely that there is too much profit in this type of publication, and that the penalties in comparison with the chance of profit are too light. I would point out that this is a ready-made medium of mass circulation that can be turned to the advantage of those who make enormous profit from it, and at the risk of only the light penalties now in effect.

In seeking for a way to meet the whole problem, I was concerned at first lest a new type of comic, the horror comic, might not be covered by the Criminal Code. I find however that section 150 contains a fresh definition of a crime comic and states:

> In this section, "crime comic" means a magazine, periodical or book that exclusively or substantially comprises matter depicting pictorially
>
> (a) The commission of crimes, real or fictitious, or
>
> (b) events connected with the commission of crimes, real or fictitious, whether occurring before or after the commission of the crime.

I have thought this over as carefully as I could, and it seems to me the definition is wide enough to cover even the horror type of crime comic—that is, the one which shows crime which is entirely fantastic and is committed by a fantastic creature who may exist only in the sordid imagination of its creator. What these imaginary creatures do is still a crime; those things in which they take part and are portrayed are connected with crime, whether it be before or after the commission of the crime.

I have therefore concluded that the new definition goes as far as one could go, and

is as comprehensive as one could make it. Therefore the only further approach is that of making the punishment fit the crime. I am conscious of the fact that the penalties at the present time are not light for the individual vendors. They are contained in section 154 which provides that—

> Every one who commits an offence under section 150, 151, 152 or 153 is guilty of
>
> (a) an indictable offence and is liable to imprisonment for two years, or
>
> (b) an offence punishable on summary conviction.

I suggest that in the case of an individual news vendor, and possibly in the case of the distributor—if we may take it one stage back in the line of distribution—the present provision contains penalties that are severe enough. Because it is true that there are vast quantities of these things crossing the counters of newsstands, and that many of these newsstands are adjuncts of corner grocery stores or candy stores, and that the proprietors are chiefly engaged in other matters so that they just do not have the time to cope with the physical volume of these things and do the voluntary job of censorship which would be required to distinguish the good from the bad.

The same may be true of the small distributor. At the same time however I do not hold with the brief recently submitted by the periodical distributors of Canada which suggested that the vendor and the distributor should be absolved from any liability. These men are placing in the hands of children things which are going to seduce their minds, things which are going to corrupt their minds and make for a generation of Canadians who have a completely distorted concept of morals and moral values. These people are putting into the hands of the public something which is dangerous to the welfare of our society, and I do not think they should be absolved of all responsibility.

I do suggest however that the primary responsibility lies with the person who puts them into circulation, the man who produces them, the man who first discharges into society this lethal and ghastly form of perversion. And there is where the penalty should be heaviest.

I suggest also that the present penalties provided in the Criminal Code are not nearly commensurate with the extent of the crime when we stop to think of the harm that it may do, and that it is in fact doing.

I have before me an amendment which I would be pleased to place before the committee. I wish to make it perfectly clear that if the minister would like to have time to think it over, or if he thinks immediately that it should be modified in some particular, I would be most delighted to withdraw it for that purpose, or to let it stand, or deal with it in any way he likes.

My amendment is:

> That section 150 be amended by adding thereto the following words as subsection (8):
>
> (8) (a) Every one who commits an offence under this section and who is the person who makes, prints or publishes or has in his possession for the purpose of publishing any of the things enumerated in subsections 1(a) and 1(b) of this section is guilty of an indictable offence and liable to imprisonment for five years, or if a corporation to a fine of $25,000.
>
> (b) Every one who commits an offence under this section and who is the person who distributes or circulates or has in his possession for the purpose of distribution or circulation any of the things enumerated in subsections 1(a) and 1(b) of this section is guilty of (i) an indictable offence and is liable to imprisonment for two years, or (ii) an offence punishable on summary conviction.

As the committee will appreciate, that preserves with respect to the distributor and vendor the present provisions of clause 154 in that it leaves the penalty as it now stands; but with respect to the man who makes, prints or publishes any of these things—that is, the man who initially puts them into circulation after having created them—he and he alone is liable to the penalty of imprisonment for five years or, if a corporation, to a fine of $25,000.

At the present time everyone is liable to a maximum penalty of two years or, if a corporation, to a fine provided under the general section of the act. In the case of a corporation, I submit it is not sufficient.

Here I suggest that the man who commits the initial offence should be liable, if an individual, to a penalty of a sentence three years more than the vendor, which would make a maximum of five years, or, if a corporation, to a fine of $25,000, which I submit is not one penny too much, in view of the enormous profits made out of these things and the way in which in the past the publishers have tended to laugh it off, change the names and bring them out under another guise.

In final support of my position in that regard I should like to refer the committee to the experience in the United Kingdom as described in a report in the Ottawa *Journal* of January 20, 1954, which shows that they have the same problem and that they do impose very severe penalties on the publishers. This article has a dateline of London, January 20, and states:

> The publishers of a paper-covered book which figured in a brutal murder last year were sentenced to six months in jail Tuesday after the book was judged obscene in court.
>
> In passing sentence, the judge told Reginald Herbert Carter, 34, and Julius Reiter, 46, that the

"literary pollution" they produced would "sooner or later drag the whole reading public down into a pool of depravity".

Seven books concerned in the case were entitled "Accused", "Auction", "Persian Bride", "Pursuit", "Amok", "Killer", and "Vengeance".

Their author is said to be Hank Janson, a slight little man in his 40's who lives in Spain.

A copy of one of the books concerned in Tuesday's trial was found last year in the room of Francis Wilkinson, 24-year-old furnaceman who battered a little girl to death.

In the book, a character twisted a strip of cloth around a piece of wood to make a club. Wilkinson killed the child with a chain log similarly wrapped.

He was found guilty of murder last November and was hanged.

At that time, the presiding judge asked what action was being taken against the publishers.

Tuesday, Sir Gerald Dobson said the books must have brought vividly to the jury's attention "the abyss of filth into which the nation is drifting".

"This is literary pollution", he said, and added:

"I can only hope that this trial will mean a sweep in the other direction—towards the realm of pure and exhilarating literature and not this kind of debasing stuff which will sooner or later drag the whole reading public down into a veritable pool of depravity."

In addition to the jail sentence, Sir Gerald imposed fines totalling £6,000 on three publishing and printing companies with which Carter and Reiter are connected.

While £6,000 at the present rate of exchange does not equal $25,000, yet in terms of what it will buy in England that £6,000 is an even heavier fine than $25,000 would be in Canada.

I realize, Mr. Chairman, that I have not said anything like what I would have liked to say about the question of obscene literature as distinct from the crime comic book. Perhaps as this discussion develops there may be an opportunity and occasion to say that. Notwithstanding the provision we enacted in 1949, I believe that this crime comic stuff constitutes a grievous threat; and in view of the feeling I have about it, which I submit is substantiated by the passages I have quoted and the events in Canada and elsewhere to which I have referred illustrating clearly the effect this has on children, it is incumbent on parliament to deal effectively with this threat. While I want to give credit to the minister—I am glad to do so—for having accepted the amendment in 1949 and then working out this enlargement of the definition to take care of one or two cases decided since then, I feel not even that is sufficient unless we make the penalties sufficiently heavy to be of a real deterrent nature. If we can do that, then I think we shall enlist not only the immediate active support of the law enforcement officers who feel this is going to give us an instrument through which we can really deal with these people, but we shall also be encouraging all the decent elements of the community who at the present time are suffering a little bit a sense of bafflement and frustration. They will know that now we shall have a weapon in our hands, a weapon of law and decency reflecting the opinion of decent society, which will give us a real instrument with which we can deal with those who deprave and seduce our children.

The Deputy Chairman: Is the hon. member for Kamloops moving this amendment or just submitting it for discussion at this time?

Mr. Fulton: I should probably move it, in order to get it before the committee in concrete form. I therefore move the amendment, Mr. Chairman.

Mr. Garson: I doubt if there is a single member who will dissent from the excellent and comprehensive expression that the hon. member has just made of our disapproval of these crime comic books. I am very gratified to know that my hon. friend thinks that the legislation that we have upon the federal statute books now in the existing Criminal Code, or if not in that, certainly the amended definition of crime comics in the new Bill No. 7, is adequate for its purpose.

My hon. friend has been good enough to express appreciation of our having accepted his amendment in 1949. For the purpose of the record, Mr. Chairman, it is necessary to say that we did more than merely accept his amendment. His amendment, in the form in which it was presented to the house, in our judgment was quite unenforceable. And that is not surprising, because I am sure that when I received it I did not feel myself any more competent than my hon. friend to draft an enforceable amendment for the purposes that he had in mind. With a view to preparing the enforceable provision which we are now discussing we took my hon. friend's amendment, in the form in which he had presented it, and sent it to the various provincial attorneys general of Canada. We asked them, as the ministers responsible for the enforcement of the Criminal Code, to say what they would like to have in this amendment in order that it might be enforceable. In response to our request we received great co-operation and courtesy. Nearly all of them replied to our inquiry. They did not all raise the same points. Some of them had different points that they thought should be covered by the amendment. We re-examined my hon. friend's amendment in the light of the information which we so secured, and worked into it the ideas which we had received from all of the law officers assisting the attorneys general of the provinces of Canada.

There were two reasons for our doing that. In the first place, it seemed to me that that was the most likely way in which we were

likely to get an enforceable amendment that would not have some holes in it through which a coach and four could be driven. In the second place, it seemed most important that those who would have the responsibility of enforcing this new law should be consulted concerning the terms of the law which it would be their duty to enforce. The result of these efforts was the law which is now being carried forward in Bill No. 7, changed, I believe I am right in saying, only in respect to the definition of crime comics in order to take care of certain points which had been raised in connection with that definition as it is in the existing code.

My hon. friend is quite right in saying that last year, 1953, a debate took place in this house in which, if I remember correctly, he was urging at that time that the reference to "obscene material" or to the term "obscenity" in the legislation was not satisfactory and that, as he thought at that time, it was desirable that we should provide a statutory definition of "obscenity" in order that any obscurity of that term might be removed.

Well, the position which I took at that time is the same position which I take tonight, namely, having regard to the very great care indeed with which the material upon which we based this legislation was gathered and the care which we took in drafting these provisions in the light of that material, we believed that we had in this law a provision that was quite airtight; and that the time had come, as my hon. friend now agrees, to enforce the law. Now we cannot enforce it; we can only enact it. That is all we can do in this parliament.

Since last spring, when my hon. friend was questioning the adequacy of the term "obscenity" in this provision, a case arose in the city of Ottawa, Regina versus the National News Company Limited—a corporate defendant—which was concerned with a number of books; "Diamond Lil", "Women's Barracks", "Tragic Ground", "Jurymen", and others. The defendant was ably defended by very competent counsel. Every possible attack on, or perhaps I should more properly say defence to legislation was made that could be made. Expert witnesses were brought here to testify that the material complained about was really not obscene at all. The argument has been made that the books complained of were sociological studies and the like.

Trial Judge McDougall of the Ottawa court found no difficulty at all in deciding that the material which was then before the court was obscene within the meaning of the statute and found the accused guilty. From his decision an appeal was taken to the appeal court of Ontario. The judgment of that court was given by Chief Justice Pickup and by Mr. Justices Laidlaw and Hope who agreed with him, by Mr. Justice J. K. Mackay, who also agreed in the result, and by Mr. Justice F. G. MacKay who dissented only in part.

I think that anyone who has read that judgment—and I assume that perhaps the hon. member for Kamloops has done so—will agree that here is a judgment which seems to settle beyond any peradventure the adequacy of the legislation in so far as prohibiting the sale of obscene literature is concerned. My information is that an appeal was taken from the judgment of the court of appeal of Ontario to the Supreme Court of Canada and was later abandoned. Therefore at the present time this Ontario court of appeal judgment would seem to establish quite conclusively that the provision we are discussing is certainly enforceable if there is any serious disposition to enforce it.

Mr. Fulton: Will the minister say what penalty was imposed in that case?

Mr. Garson: I doubt if I can. I may be able to check it later and tell my hon. friend, but it does not appear in the court of appeal judgment.

Mr. Fulton: I am sorry that I have not my record before me, but my recollection is that it was a trifling sum compared with the size of the profits made by the corporation concerned.

Mr. Garson: Yes, that may be quite true, but I will deal with that point before I take my seat. But in the meantime I might say that it was not trifling because of any provision in the law. It was trifling because the judge who tried the case thought that in his view he was applying appropriate punishment. I was particularly glad to hear my hon. friend say tonight that he thought the law was now quite enforceable and that in his view the thing to do now was to enforce it.

Mr. Fulton: And to make the punishment fit the crime.

Mr. Garson: Yes, also to make the punishment fit the crime, with which I will deal in a moment. I was glad of that for this reason, that if by any chance the law were not in satisfactory form at the present time, as my hon. friend was arguing last year—

Mr. Fulton: May I just make this point? I did not have time in my argument tonight because I did not want to confuse the two things, but I am still not convinced that the

law with respect to obscenity is in satisfactory form. My agreement with the minister that it was in satisfactory form was confined exclusively to the crime and horror comics aspect of it.

Mr. Garson: I can only say that if it is not in satisfactory form now when we have a statutory provision that has been interpreted by the appeal court of Ontario as meaning something very definite, and that interpretation is spelled out in an excellent judgment of the chief justice of Ontario, then I think it would be very difficult indeed to get anything that would be satisfactory. And if it were not satisfactory the only way I can see in which we could make it any more satisfactory would be to go back to those whom we consulted in the first place, namely, the provincial attorneys general and ask them to indicate what in their view they thought would be more enforceable and more satisfactory than that which they previously had told us was enforceable and satisfactory.

It is for that reason that I must emphasize tonight, as I said last spring when the matter was under discussion, that the only thing that we can do in this parliament is to enact the criminal law. Once we have enacted it we are completely powerless to enforce it ourselves. The enforcement must be provided by the provincial law officers. For that reason the great bulk of my hon. friend's argument tonight might more appropriately be addressed to the law officers of the provinces of Canada and not to the federal government or federal parliament which can do no more than what we have already done, namely, to enact the law. There is of course a single exception which my hon. friend raised concerning an increase of penalty which is covered by the amendment he has just moved.

The penalty for this offence at the present time is provided in clause 154 of the bill which reads as follows:

> Every one who commits an offence under section 150, 151, 152 or 153 is guilty of
> (a) an indictable offence and is liable to imprisonment for two years, or
> (b) an offence punishable on summary conviction.

My hon. friend says that he is satisfied to leave the two year penalty so far as the retail distributor is concerned but he wants a much more onerous penalty for the larger companies, the wholesale distributors or, best of all, the publishers who, as he claims, are making large amounts of money from this nefarious practice. To that end he suggests an amendment which would authorize the imposition upon them of a fine of $25,000.

Mr. Fulton: In the case of a corporation.

[Mr. Fulton.]

Mr. Garson: In the case of a corporation. I would point out to my hon. friend that if he will look at clause 623 of the present bill he will see that it provides as follows:

> (1) Notwithstanding subsection 2 of section 621, a corporation that is convicted of an offence is liable, in lieu of any imprisonment that is prescribed as punishment for that offence,
> (a) to be fined in an amount that is in the discretion of the court, where the offence is an indictable offence . . .

My hon. friend will agree that the offence we are discussing tonight is an indictable offence, and the punishment which may be imposed upon a corporate defendant under section 623 is not $25,000 or $50,000 or $100,000 but it is any amount that the court sees fit to impose, without limit. Thus the effect of my hon. friend's amendment would be, not to increase the fine but to reduce the fine as it is set out in Bill No. 7, and indeed as it is set out in the existing code, which it enables the judge or magistrate to impose upon these large corporations that engage in this nefarious practice. It would be, I think, very difficult indeed for my hon. friend to argue that he is imposing a heavier burden upon these corporations by limiting the amount of the fine which can be imposed to $25,000 when they are now liable to a fine without any limit whatsoever. For that reason I suggest, with respect, that the passing of the amendment which the hon. member proposes will not improve this legislation. On the contrary it will have the opposite effect.

Mr. Fulton: May I ask the minister a question? Does the minister know of any case where a corporation convicted of an offence under this section has suffered the imposition of a fine as high as $25,000? I do not know of one, and I have never heard of one.

Mr. Garson: I do not know that they have been but I suggest, and this is something we should remember, that all we can do in this parliament is to empower the courts to impose a penalty without limit. Whether they do impose it is for the courts to decide on the evidence before them. Then if the attorney general's department which is prosecuting the case believe the penalty which has been thus imposed is inadequate, they can launch an appeal as to sentence if they so wish and ask for a heavier penalty. In any event all we can do here is to empower the courts to impose a fine and we have done that in the present instance without setting a limit.

Mr. Knight: I do not want to approach this question from a legal angle, but I would like to express an idea or two about the subject in general. This discussion of the

Criminal Code is boiling down to a very small section of the house. I notice that my hon. friends on the opposite side have little to say about it, in spite of the fact that there are so many legal lights in the House of Commons. I have the greatest of respect for my learned friends and I think a certain number of them are useful in any House of Commons. While I am in the same jovial mood I might suggest that if we want to get the Criminal Code done up in a hurry, and in more of a hurry than I believe it is going to take place, I believe we should send the hon. member for Kamloops, the hon. member for Winnipeg North Centre, and the minister to a dark room somewhere where they can write it all down and bring us the results on which we might pass approval. I am speaking for myself, of course.

But speaking seriously now, Mr. Chairman —and I have not been speaking seriously up to the present, in case someone misunderstands me—I am interested in this whole question of literary censorship. I am in the rather hopeless position of being able to see much of both sides on this particular question. I might start by saying that I believe the hon. member for Kamloops deserves great credit for bringing this thing to the attention of the public. It is a controversial subject. That is all the more reason why it should be brought to public attention. Just as in the case of Dr. Hilda Neatby: whether one agrees with her or not, I believe that she has certainly done a public service for education in Canada by bringing a controversy in regard to it out into the light of day.

But I was talking about the subject of censorship generally. Censorship is something I am afraid of, and I believe there is only one case in which it is justified and that is when we are dealing with children, and with very young children, children who are in the formative stage, children who are going to get those tastes which are cultivated, and which by their very nature must be cultivated tastes. It seems to me that if you are going to cultivate a taste in anything, the only way to cultivate a taste for these things is to do these things. The way to cultivate a taste for good reading is to read worth-while things. I would suggest that there is perhaps more than just the negative approach here of applying restrictions, applying the law, and fines, and threatening jail; because there is also the positive approach of seeing to it that these people, if you do not want them to read trash, have something decent to read.

I believe that is definitely a factor in this particular argument. As I said, I am afraid of censorship. I am afraid of any interference with intellectual freedom or liberty. I want to read all sides of any question and having read them I want to make up my own mind in relation to whatever the issue may be. May I add that it is a pretty poor cause which cannot stand on its own feet and which cannot be judged or subjected to the judgment of the public.

This legislation in regard to the crime comic book has not, I believe, been as successful as it might have been. That has been admitted here by the hon. member for Kamloops and by the minister who is piloting this legislation through the house. I submit the reason that it has not been as successful as it might have been is because the public is not seized as much as it might be with the importance of this particular situation. To my mind this is more a matter of public education than of punitive legislation. Of course, the question then arises, how is that education to be effected? How are we to affect adults, shall we say, or have adults seized with the importance of the situation when these adults have themselves been brought up on this brand of crime comics, or similar types of literature.

I see another situation concurrent with this legislation and that is the growth of the sale in drugstores, poolrooms, and places where this literature is exposed, of a different and perhaps even worse type of—I shall not dignify it with the name of literature—reading material which you now find in such places. I can understand the feelings of the hon. member for Kamloops when he said he had a feeling of bafflement and frustration when he was faced with that sort of thing. I must admit to that same feeling of hopelessness. One wonders what one can do about it. We in Canada, and I think this is a fair criticism, are not, generally speaking, a reading people. I am hoping that we will turn out to be a reading people. We have been going through the pioneer stages. I know we have had difficulties of communication. We have been digging the stump and stone in this country and we have not had the time nor the leisure nor the money to cultivate ourselves in some of the finer things of life. But the day has come when Canada should take her place, in a literary and artistic sense as well as in a material sense, among the nations of the world.

I am hoping that day will come soon, but the way to approach it and the way to make it a reality is through our children when they are at that pliable age. I believe we must admit that we are not a reading people, and that it is very seldom people will read anything which takes them more than ten minutes. The general situation, if one may

judge by looking around, is that most people read the sports page and the headlines and, may I say to my hon. friend from Kamloops, the comic strip.

That is a rather blue and hopeless picture. If we are not a reading public in the adult sense, may I submit this thought for your consideration. We have not in this country any great body of children's literature. In that matter I think we are particularly wanting. I think one must be struck by a visit to Britain——which is a country with which I am most familiar outside of this one—at the contrast one finds there both in the plentifulness of adult literature and children's literature. I could, of course, go on and say what some of it is but I expect that the minister over there on the other side of the house is getting rather impatient and wants to get back to these dry law tomes in which he is more interested, I must say, than I myself am.

As to this business of forcing people not to read what we think they should not read, that is where we come up against this matter of censorship. Who is to decide what I am not to read and what I am to read? As far as I am concerned, as an adult I want to read what I like. I admit that for my grandchildren I may have a different view. While I am talking about my relation to my grandchildren, may I say that I think the parents have some responsibility in this matter. If we are ever going to have in our children that cultivated taste for decent reading of which I have spoken, the parents will have to show more responsibility in the home. We have no homes any more in the sense that we used to have homes when I was a boy. We have not that attitude of gathering the children around the fire of a winter's evening and reading them stories from a book which was chosen by a literate and loving mother. That is an ideal situation in which we could inculcate into those children the taste for reading the things which we, rightly or wrongly, think they ought to read.

As to the failure of this particular legislation, I think the reason for it is that the general public is not sufficiently seized with the importance of the reading habits of their children. I do not think that laws are going to be very successful until the public is aware of their importance.

Those are one or two thoughts along this general line. On balance, I am in favour of the positive rather than the negative approach. I am in favour of the idea of weaning our children onto the stronger food of decent literature rather than of the idea of punishing somebody for selling them something else. I say that I have a feeling of hopelessness when I see the counters of the bookstores flooded with the sort of thing we see there; it is a hopelessness and a frustration produced, not because the people who are selling it are being allowed to sell it but because the general public must be showing a taste for this sort of thing when it is there on the counter so prominently displayed and so generally purchased.

I realize, Mr. Chairman, that I have not made much contribution to this particular act. I have read this amendment that has been proposed by my hon. friend. I think that all I shall venture to say upon the matter is that I think it puts the emphasis in the right place, if in fact this type of legislation is desirable. It puts the emphasis on the punishment of the publisher rather that the poor little chap who, in his day-to-day chores of fixing up his cigar stand, his literature stand, his fresh fruit stand and the rest of it, is quite ignorant, in most cases, of the type of tripe—he may be in the butcher business too—that he happens to be selling. Whether or not I would free him of all responsibility, I am not too sure. But if this type of legislation is justified at all, then the penalty should be made heavy for those people who have the opportunity to know what it is, since they produce the stuff, rather than on the little man who is trying to make his living by selling it.

Mr. Hansell: Mr. Chairman, some of us have been interested in this subject for a good many years and have spoken on it from time to time in this house. As we all know, the hon. member for Kamloops brought this matter rather forcefully to our attention in the last parliament and, as has already been stated, proposed and was instrumental in having passed through this house an amendment to the Criminal Code. While it may be said that the amendment may not have been as successful as some would have desired it to be, I rather believe that it has been quite a success to this extent, namely that we have not seen on the newsstands or coming into our homes the same type of crime comics that appeared before his bill was passed by the house.

What has happened, of course, is that the same publishers have gone into a slightly different field. They have given their publication desires a little bit of a twist. Now, instead of giving out with what is known as crime comics, they give out with horror magazines. The daggers, the guns and all that goes with it may be there just the same; they may show the thumbscrews, the torture racks and a few things like that, with the horror pictures. They have also gone into another

sideline, I might say. They have gone into the business of love and sex. These things are things to which some of us have serious objection. The question of how to cope with the entire situation is one that, I agree, presents a problem.

I always listen with interest to the speeches made in this house by the hon. member for Saskatoon. I go a long way with him in his view that public education is what is needed in Canada today. But I do not think the matter ends there. I believe that you must go further than that. When we emphasize the necessity for public morals, what we have is a sort of race between those who take part in education in the field of public morals and those publications which are actually educating in the realm of immorality; and it is a matter of who can get there first. In our various cultural organizations, our homes, our churches and our reform movements are we strong enough to educate the public with regard to these morals and cope with the power of all the immoral publications which are being openly distributed on our newsstands and are going into our homes, and the like?

Now, there has to be a stop somewhere, and I realize that the public conscience should be a deterrent to this sort of thing. But the more wide open this thing becomes, the longer it continues, it seems the greater is there a sort of softening up process whereby the thing becomes more or less acceptable. Something which perhaps years ago would have been seriously frowned upon, is now accepted. I do not quite agree that even as adults we have a right to read what we want to read. Supposing you take that logic into other realms of life. For instance, take the trafficking in dope. Is it right to say, "now I am an adult I have the right to drink or take by the needle or some other process whatever I want to take"? The obvious thing is that I have not that right. There is a place where it ceases to be good for one to take or absorb this or that. There is a difference, of course, between trafficking in dope and trafficking in this sort of thing, but the difference is only in a different field of morals.

I should like to venture another suggestion. I do not know what is involved in "publication" here, but I think there was some discussion of this point previously. I do not see anything in the section concerning radio or television. We are getting to the place where television is a tremendously powerful thing for the guidance of our people and the molding of our public morals. Television is not mentioned, but I believe it should be or else the section should be interpreted as including television and radio as mediums of publication. I want the minister to give some consideration to that.

A while ago I said that the publishers of this sort of thing had taken a different tack and had branched out from the publication of crime comics to the publication of lurid love and sex magazines. I feel that some of this stuff is terrible. If I were to read in this house or discuss some of the things that have appeared in some of our magazines or in some of our pulp books that one can buy on the newsstand for 25 cents, I am sure, Mr. Chairman, you would rise and call me to order. I cannot read them, but I shall tell you what I will do with your permission, Mr. Chairman. I have a book here that I bought at the newsstand because the title was quite an innocent title and rather intrigued me. I thought there might be something in there of some educational value. I am not going to mention the name of the book, because I would only advertise it.

I am going to pass this book over to the minister. I have put a little slip of paper in one page, and have marked an "X" against one particular paragraph I want the minister to read. I dare not read it, Mr. Chairman. I do not want the minister to get up and read it out loud. I just want him to look at that one paragraph. Hon. members can watch the expression on the minister's face to see whether or not he thinks—

Mr. Nesbitt: It is not fair to let just the minister see it.

Mr. Hansell: Well, you can borrow it from the minister afterwards, if you wish. I think we have paused long enough for the minister to read that paragraph.

Mr. Fleming: He has read it three times now.

The Chairman: I am wondering whether or not the rules of the house are being transgressed.

Mr. Hansell: I do not know that the book from cover to cover is a particularly bad one, but I do not think a book with a paragraph like that should be printed and sold.

I was riding along on the train on one occasion and I thought I wanted something extra to read so I went into the newsstand at one of our depots and picked up a book of jokes. I like jokes. In fact, I sometimes use them on the political platform. I thought perhaps I might be able to get something valuable in that connection from this book. It only cost me a quarter so I bought it and put it in my pocket hoping to read it on the train. I am not going to pause at this particular time, but I put some slips of paper in various pages

of the book and I shall pass it over to the minister. I do not expect him to read this tonight. He can take it home and read it before going to sleep. I am sure he will get some enjoyment out of it. He will notice the slips of paper at certain pages, and on those pages there are some jokes. Those are books that can be bought by anyone and frankly I would not leave those two books lying around my home for anything in the world.

Mr. Ellis: You bought them.

Mr. Hansell: Yes, I bought them. I bought them quite innocently. As a matter of fact, I might inform my hon. friend that I read them, too, otherwise I would not be able to pass them over to the minister with any confidence that they were evidence for my case.

I simply say that I do not believe these things should be published, and when we bring them to the attention of the minister I am sure he will agree. I want to refer to another matter, in all seriousness. Some of our well known magazines today are beginning to publish articles on sex, which twenty or thirty years ago when I was a boy or young man would not have been published. They would have been considered as against the interest of public morals. There would have been such a tremendous cry of opposition against them that they would not have dared publish them any more. They are beginning to be published in the ordinary course of publication, all nicely displayed so that people will eye them and buy them.

I have read some of these articles. I do not want to be too harsh. Perhaps there is some degree of value in some of these articles. I think there are things of value in them. But when they are displayed like that and they fall into the hands of our teenagers, we will say, they are read not for the purpose of acquiring the information that is in the article, but for another purpose altogether. The article may be written by a doctor, whether it is a ghost writer, a phony name or a real M.D. The thing is luscious, and the young people, the teenagers will wallow in it, not for the purpose of acquiring information but because it appeals to certain baser appetites.

I do not know how to get over that situation. I was wondering—and I say this in all seriousness—if there is any value in that sort of thing. I wonder if it would not be a proper thing for the Department of National Health and Welfare to publish small books of this kind that could be distributed to those who would apply for them, or perhaps to home and school associations or, if you wish, even to schools, so that the thing could be brought to the attention of our young people in a proper way.

I think perhaps there might be some merit in that suggestion, although I do not know. It is difficult sometimes to know just where to draw the line. But if this goes on over the radio, over television, in these books and magazines on display in our stores and newsstands, then I personally despair of the next generation. I think we have to put a stop to it somewhere. I am a believer in punishment; I must confess that. I have often said to myself that I do not suppose I will ever be a magistrate or a judge, and I hope I will not, because I fear I would be pretty harsh.

Some people can learn only by punishment. I would not like to see the punitive angle of the law depreciated to any extent. I am in favour of the amendment that has been proposed, although I think it must be recognized that the proprietor of the small corner store or newsstand cannot possibly read everything that comes to him for sale. I believe it is the publisher who should be accused and brought to time. If the law came down on those publishers more severely it would not be long before the situation would be considerably improved.

Mr. Nesbitt: Mr. Chairman, I have just one or two brief comments with regard to this section. I suggest the saving grace of the book the hon. member for Macleod has been passing back and forth is the fact that there is no picture on the front of it, or at least nothing that was visible from this side of the house.

My understanding is that this legislation is designed to protect the children—not the adults—from the effects of this type of literature. The purpose of the legislation is to protect those of tender years who have not the ability to make their own selections of the books they should read.

Since the clause was drafted we understand a situation has developed on newsstands which was not in evidence a year ago. I believe many hon. members will have had the experience I have had when travelling by train. When one wishes to read something on a train he will go to a magazine rack and look over the twenty-five-cent pocket books. Well, the books themselves may be perfectly respectable. One I noticed particularly told about how to invest and deal on the stock market, and the picture on the front showed a lady wrapped in ticker tape.

An hon. Member: Did you buy it?

Mr. Nesbitt: The point I make is that the publishers take some incident out of a book, often an incident that is not related to the story at all and, for the purpose of selling it

they put some obscene picture on the front of the book that has no relation to the contents at all. Particularly in connection with western stories, one will see on the covers numerous people in various stages of being maimed, —blood all over the place. And on the covers of detective stories one will see dismembered corpses and other pictures of that kind.

If people want to read these books, that is their own business. I disagree with the hon. member for Macleod in that respect. But, so far as the children are concerned—well, one can always see a number of small children of perhaps six or seven years standing with their mouths open and their eyes popping out looking at the covers on these twenty-five-cent books showing the partially dismembered corpses, people being whipped, and all that sort of thing.

A year or so ago we did not see so many of those covers on books—only occasionally. If one wishes to buy a detective story or any of the good classics, which are reprinted in these cheaper editions, he would not find covers of that kind on them. But in the last year or so we do not see anything else.

I suggest that some alteration be made in one of these definitive sections which would prevent the putting of gory and obscene pictures on the covers of books. Because, while these seven or eight year old children may never read them—indeed, probably could not read them—nevertheless they can look at the pictures on the front which, I am sure, do far more harm than if they had read the books.

Mr. Zaplitny: Mr. Speaker, I wish to say a few words, not so much from the point of view that has been discussed thus far, but from the practical point of view. I may be one of only a few in the house who have had practical experience at the retail end of this so-called comic-book business, and I say that because some of them in my opinion are not funny at all.

At the outset let me say that I agree with the hon. member for Saskatoon when he says it is very doubtful if we can legislate good taste. That is something that has to be acquired, taught, developed or cultivated; but certainly it cannot be forced down anyone's throat simply by putting it in the law. I have no objection to an attempt being made to protect children from the influence of what is commonly known as crime comics, provided that in framing the law we do not do any injustice or do not make it ridiculous in the eyes of the public by trying to put into it something which is unimportant.

A while ago I mentioned that I speak from practical experience. I have been in the business of selling magazines and periodicals. Let me say quite frankly that while there may be others who hold a different view, I think it is absolutely impossible for the retailer to know at all times what he has on his shelves, whether it be in the form of comics or any other kind of reading material.

For the benefit of those who have not been in this type of business let me give an example of how this works out. When one enters the business of retailing magazines or periodicals the procedure is something like this: He finds out from someone else who the wholesalers are. In western Canada we are limited to two main companies—and I shall not put their names on the record because they may have competitors, and I want to be fair to them. But the point is that the choice is very limited. There are only a few wholesale companies operating in the different parts of the country that have a sufficient stock of interesting reading material for adults, teenagers and children.

The next thing that happens is that you put in a request for a sample order or a suggested order of this type of reading material. This company will send to you a shipment with a suggestion of what quantity of material you should order for the future, and after that they are governed by the returns. In other words, you have the privilege of sending back to these companies the material which does not sell up to a certain date limit. They judge by that what is selling and what is not. As a result, it becomes after a few months almost automatic. You do not order any more. You simply receive from these wholesale companies that which is being bought by the public and particularly so if a person happens to be engaged in the restaurant business or the hotel business or in some other business in which the selling of magazines and periodicals is only a sideline. Certainly, you cannot devote the time nor have an employee devote his time to censoring and studying it day by day or as it is put on the news racks for sale.

Let me say this: In my contact with other retailers of these periodicals and magazines I never found one—and I think I am quite safe in saying there would be practically none in this country—who would deliberately, knowing that certain literature comes within the definition of a crime comic or a horror comic, or even to use the more mild description that the hon. member for Macleod used, lurid literature, stock it, because certainly no one wants to break the law to begin with; and in the second place no one deliberately wants to put anything on his shelves for sale which would be harmful to

the children in his community. Anyone who is in that type of business knows that the children and the teenagers are his best customers, and he certainly would not want to do anything that would be harmful to them.

Reference has been made to a submission by the periodical distributors of Canada, and while I hold no brief on their behalf—I have only the same information as all other hon. members have—I believe it would be only fair that both sides of the story should be heard here tonight. We have heard a preponderance of the side which feels that there should be more stringent laws or heavier penalties to back up the law.

Mr. Fulton: Only on the people who put them in circulation.

Mr. Zaplitny: Yes. The suggestion is for stiffer penalties in so far as the publisher is concerned. Let me say while I am on that point that if there is to be a penalty at all, then I certainly agree with the philosophy that that is where the penalty should be applied; that is where the prohibition should be exercised. However, I will come to that in due course.

I believe it would be only fair to place before this committee in summary form what this organization, periodical distributors of Canada, have submitted for the consideration of the minister, so that we shall have a balanced point of view, and I am sure we want to do the right thing for all concerned. First of all, they point out that there are about 55 wholesale distributors across Canada. That would be the total number. Within that would be a much smaller number who would be doing the great percentage of the business. Some of them would be very small distributors indeed. It points out also that there are about 10,000 retail booksellers, newsstand proprietors and other news vendors. There are probably more than that. Therefore we are dealing with quite a large number of people in trying to apply this law, when you take in all the retail end of this business.

It points out also that the average distributor, in supporting their argument as to why the distributor even on that level is not able to supervise properly or censor, if one should use that word, the material which he has for distribution, has not the time. The distributor will have about 1,000 different titles of magazines and periodicals on his racks. In my opinion that is a very conservative estimate. My own estimate would be a little higher than that. So that even on that level it would be very difficult for the distributor to exercise any kind of supervision. I think "supervision" is the right term, because certainly we cannot apply censorship to something which has already been published and produced. The only place where it could be effectively censored is before it is committed to print.

Then the summary in the next paragraphs, lumping them together, points out the effects of the amendment which was passed in 1949 to the then section 207. I was not in the house at that time. But I am inclined to think that had I been here I would have opposed the amendment, because practice has shown that it has created serious difficulties, not only from the point of view of the retailer and distributor but also from the law enforcement point of view.

Let me go back to a practical illustration of that. A year or two ago—I forget when—one of the retailers in our home town was charged with an offence under one of these sections of the code, I am not sure which. When I heard of that I became interested in what transpired. Well, the thing was taken to court and great difficulty was experienced by all in trying to decide what was a crime comic when it came to giving a definition—

Mr. Garson: What?

Mr. Zaplitny: Great difficulty was experienced in trying to decide what constituted a crime comic so that a proper defence could be made to that term. I met the chief of police shortly after that and offered as an experiment to have him come into my place of business and pick out from the rack what he considered to be crime comics and to use them as an illustration so that I would not fall afoul of the law myself. Well, he accepted my invitation. He came over and examined the rack. He took a number of comics off the rack and took them along with him to his office. I cannot say that he took them home. When he brought them back to me he told me that they had been reading that kind of thing for years and as far as he was concerned they had done no harm. That was not much help to me.

I made the same offer to the crown prosecutor and to the police magistrate. They did not avail themselves of the invitation, but both told me that so far as they were concerned they were going to let the attorney general of the province decide what a crime comic was. That gives you an idea of the kind of difficulties you run into when it comes to the practical application of the law as it stands. It may be that experience and precedent will iron this out, but the injustice that is being created, or has been created by the amendment passed in 1949, is in the fact

that it places the responsibility on the person or group of persons who are the retailers and who are the least able, in my opinion, to protect themselves, or incapable of guarding against that type of literature, because they have absolutely no facilities nor the time, nor, in many cases, even the knowledge to scan through these comics and decide which would be contrary to the law and which would not.

We would almost have to have an expert and, as I pointed out in the instance to which I referred, the only expert to whom I was referred was the attorney general of the province of Manitoba. None of the lesser officials would take the responsibility of saying: This is a crime comic. That is the way in which the law operates in practice. There has been a suggestion made that the law is not too harsh, but I should like to read subsection 6 of section 150. It reads as follows:

> Where an accused is charged with an offence under subsection (1) the fact that the accused was ignorant of the nature or presence of the matter, picture, model, phonograph record, crime comic or other thing by means of or in relation to which the offence was committed is not a defence to the charge.

When we turn to section 154 we find that under subsection (a) a person guilty of an indictable offence is liable to imprisonment for two years. I am not saying that necessarily would be the penalty, but that is the penalty to which a person is liable. I have not heard anyone who could justify that approach to the retailer or operator of a private newsstand by saying that regardless of whether he knew anything about what was contained in the pages and whether he had any opportunity of knowing it nevertheless he should be responsible for what is depicted in such crime comics if it is considered that they depict crime. Subsection 7 (b) reads as follows:

> Events connected with the commission of crimes, real or fictitious, whether occurring before or after the commission of the crime.

That is pretty wide and pretty vague—"before or after the commission of the crime", "real or fictitious". It is almost going into the field of fantasy in law. I do not know how I would interpret that provision if, heaven forbid, I were a judge. The only thing I would do would be what I think most judges have been doing, throw such cases out of court on the ground that there has not been an adequate definition. I do not want to prolong that phase of it except to say categorically and emphatically that in my opinion it is quite unfair and impractical to make the retailer and distributor of these periodicals the goat for the publisher or producer who deliberately sets out to publish garbage because there is money in it. If there is to be a law and a penalty to punish the publisher or producer who deliberately sets out to put this kind of thing on the market then I would have no objection whatever to seeing such a provision on the statute books with an adequate penalty attached to it. But I believe that it is unfair and impractical to expect our law enforcement officers to enforce the kind of law that exists now, even without increasing the penalty at this stage.

I also want to mention another aspect of the matter, and it has to do with imported literature. A good part of the literature, periodicals, magazines and so forth, read in Canada are imported, particularly from the United States. It is pointed out in this brief that quite often distributors have depended upon the Department of National Revenue to establish the criterion as to what is proper and lawful and what is not. In other words, they took it for granted anything that had passed the customs was within the law and proceeded to distribute it to their outlets to be put on the market. They found to their dismay and astonishment, when in some cases they were charged under this law, that it was no defence whatever to argue that as the Department of National Revenue had passed the material through customs it was suitable material under the provisions of this law. I think that is a serious situation.

If the government takes the position that it is possible to supervise, censor or judge whether or not reading material is suitable and then admits that it is not liable to exercise that supervision, that it either lacks the facilities or the knowledge to decide what is suitable and what is not, what contravenes the Criminal Code and what does not, then certainly a department of the government can put itself beyond the law, and I think they will have to admit that they are trying to enforce a law within which they themselves are not able to operate.

The brief also refers to the fact that the organization has made two submissions to the Minister of Justice, one in May of 1951, I believe, and then more recently in January of this year. I hope that some time before this particular section or group of sections carries the minister will give the committee the benefit of his opinion with respect to whether he wishes to take into consideration the arguments put forward in the brief and in the light of that bring about any changes in the legislation itself. For myself I want to make it quite clear that what I have said this evening is in no way a defence or condonement of lurid literature, crime comics or any kind of literary garbage. I believe

there is a great field for good literature. I believe we should promote in every way possible a clean, constructive type of literature for our children.

What I have said is not in any way a condonement of crime comics, but what I do say is that it is unfair and impractical to place the responsibility on these people who have no possibility whatever of supervising or censoring the material which they have for sale. I hope that some changes will be made in order that the law will be one which will be fair both to the public and to the people engaged in this particular business.

The Chairman: Shall clause 150 carry? Carried.

Mr. Fulton: Clause 150 is not carried.

The Chairman: The question is on the amendment. Shall we take the amendment?

Mr. Fulton: No, Mr. Chairman. There are a number of members who wish to speak on the subject.

Clause stands.

Progress reported.

BUSINESS OF THE HOUSE

Mr. Harris: Mr. Speaker, we shall continue with this matter tomorrow and then take public works when it is completed.

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

HOUSE OF COMMONS

Friday, April 2, 1954

The house met at 2.30 p.m.

INDUSTRIAL RELATIONS

Second report of standing committee on industrial relations.—Mr. Viau.

NORTH ATLANTIC TREATY ORGANIZATION

ANNIVERSARY OF PACT—PRESENCE IN GALLERY OF REPRESENTATIVE CADETS

Hon. R. O. Campney (Associate Minister of National Defence): Mr. Speaker, on Sunday, April 4, the fifth anniversary of the signing of the North Atlantic treaty occurs. In connection with the celebration of that anniversary I should like with your permission, sir, to call the attention of hon. members to the presence in the Speaker's gallery today of ten cadets who are representative of the nine hundred cadets now training in Canada under the NATO air training plan.

These ten cadets are newly arrived in Canada, and are now taking preliminary training at the Royal Canadian Air Force school at London, Ontario. They represent five countries, two of them being from Great Britain, two from France, two from The Netherlands, two from Belgium and two from Turkey.

PRIVATE BILLS

FIRST READINGS—SENATE BILLS

Bill No. 394, respecting Eastern Telephone and Telegraph Company.—Mr. Balcom.

Bill No. 395, for the relief of Elsie Elizabeth Belford Grant.—Mr. Hunter.

Bill No. 396, for the relief of Jean Monette.—Mr. Hunter.

Bill No. 397, for the relief of Pearl Mary Brown Pratt.—Mr. Hunter.

Bill No. 398, for the relief of Annie Holman James.—Mr. Hunter.

Bill No. 399, for the relief of Marie Paule Lemay Mondello.—Mr. Hunter.

Bill No. 400, for the relief of Marilyn Lesley Simpson Lavallee.—Mr. Hunter.

Bill No. 401, for the relief of Edith Lorraine McBurney Robinson.—Mr. Hunter.

Bill No. 402, for the relief of Aline Gosselin du Berger.—Mr. Hunter.

Bill No. 403, for the relief of Eileen Lucy Tollett Power-Williams.—Mr. Hunter.

Bill No. 404, for the relief of William Pappas.—Mr. Hunter.

Bill No. 405, for the relief of Claire Labelle Cousineau.—Mr. Hunter.

Bill No. 406, for the relief of Denise Marie Helene Laporte Woodhouse.—Mr. Hunter.

Bill No. 407, for the relief of Lois Helena Kearns Higham.—Mr. Hunter.

Bill No. 408, for the relief of Dorothy Rita Wade Moulden.—Mr. Hunter.

Bill No. 409, for the relief of Albert Thornton.—Mr. Hunter.

Bill No. 410, for the relief of Koidula Laigma Hagel.—Mr. Hunter.

Bill No. 411, for the relief of Yvette Lafontaine Tatos.—Mr. Hunter.

Bill No. 412, for the relief of Freda Becker Blumenthal.—Mr. Hunter.

Bill No. 413, for the relief of Monica Elizabeth Benoit Mullin.—Mr. Hunter.

Bill No. 414, for the relief of Felix Andre Landry.—Mr. Hunter.

Bill No. 415, for the relief of Marie-Claire Parisien Barbeau.—Mr. Hunter.

Bill No. 416, for the relief of Marie Muriel Gladys Lena Soubre Dubour.—Mr. Hunter.

Bill No. 417, for the relief of Joan Millicent Kemp Tessier.—Mr. Hunter.

CIVIL DEFENCE

THERMONUCLEAR WEAPONS—CANADIAN PREPAREDNESS PROGRAM

On the orders of the day:

Mr. Gordon Churchill (Winnipeg South Centre): Mr. Speaker, I should like to ask a question of the Minister of National Health and Welfare concerning civil defence. Will the minister make a statement concerning the impact on our civil defence planning of developments during the last few weeks in the field of thermonuclear weapons?

Hon. Paul Martin (Minister of National Health and Welfare): Mr. Speaker, I do not know whether I shall fully satisfy my hon. friend in the statement I am about to make. I do not now propose to answer the question in all its implications, except to say that information now available on the destructive potentialities of thermonuclear weapons

necessitates, here as elsewhere, re-examination of some aspects of our civil defence program. It emphasizes the importance of the consideration of matters having to do with the dispersal of urban populations, through evacuation, if such need should ever arise—and I am not saying that it will.

Specific consideration is being given to the problem both in Canada and the United States. The new situation increases the importance of mutual aid in civil defence. We are currently engaged with United Kingdom and United States civil defence authorities in a reappraisal of the new situation which now exists, and of which we have been aware since February 11, on the civil defence side.

This has been given top priority at the meeting of the United States-Canada civil defence committee which was held in Washington on February 11, and at the meeting of the federal-provincial civil defence committee which was held here on Monday and Tuesday of this week, with the ministers in the provinces sharing responsibility for civil defence in Canada.

Consultations are continuing with the director of civil defence training for the United Kingdom, Sir John Hodsoll, who is in Canada, and who is spending some time with us in appraising this and other situations having to do with civil defence.

GRAIN

PEACE RIVER—ALLOCATION OF FREIGHT CARS

On the orders of the day:

Mr. Solon E. Low (Peace River): Mr. Speaker, I should like to ask a question of the Minister of Trade and Commerce. Will the minister make inquiries about box car distribution in centres north of the river in the Peace river country? It is reported to me by reliable people that farmers at some points along the Northern Alberta Railways have not been able to deliver their first quota as yet. Will the minister also try to determine whether there is truth in the report that railway employees deliberately pull empty cars past points where the car order book is in effect because it makes extra work for them where the order book is in effect?

Right Hon. C. D. Howe (Minister of Trade and Commerce): Since receiving notice of this question I have been making inquiries. In answer to the first question, it is my understanding that the Canadian wheat board supplies to the Northern Alberta Railways, from time to time, a request for the distribution of box cars and the transport controller instructs the railway to place the cars in accordance with the board's request.

[Mr. Martin.]

The purpose of the wheat board's request is to make sure that every point can deliver the five-bushel quota as soon as possible, and the distribution of cars is ordered with that objective in mind.

In answer to the second question, I think there is no basis for the belief that the train crews place the cars to save themselves work. It must be remembered that large quantities of No. 2 northern are already at Fort William and east of Fort William, and we are not presently moving further No. 2 northern wheat. The grain is being selected from grades that are required for immediate sale, and that may have an effect on the car distribution; but in any event both the wheat board and the transport controller are doing their best to see that every point can realize this five-bushel quota.

ATOMIC ENERGY

INQUIRY AS TO CHECK ON RADIOACTIVE MATERIALS

On the orders of the day:

Mr. G. H. Castleden (Yorkton): I wish to direct a question to the Minister of National Health and Welfare. Probably it is supplementary to the question asked of him by the hon. member for Winnipeg South Centre (Mr. Churchill). What steps are being taken to check on radioactive materials reaching Canada, already reported in several districts? Is the action which he has taken taking that into consideration at the present time?

Hon. Paul Martin (Minister of National Health and Welfare): So far as the Department of National Health and Welfare is concerned, that matter is being pursued through consultations with the appropriate authorities in the provinces.

PROTECTION FROM POSSIBLE DANGER OF CONTAMINATION

On the orders of the day:

Mr. G. H. Castleden (Yorkton): I should like to direct a question to the Minister of National Defence, notice of which I gave him last Tuesday. When may I expect a reply to the question I asked last Tuesday concerning Canada's defence against atomic radioactive materials?

Hon. R. O. Campney (Associate Minister of National Defence): I can assure the hon. member that the developments to which he refers are being closely studied. I am not in a position to make a statement at the moment, nor can I give any definite date at which a statement will be made.

LABOUR CONDITIONS

UNEMPLOYMENT IN QUEBEC AND LEVIS—PUBLIC WORKS

On the orders of the day:

Mr. J. W. Dufresne (Quebec West): Mr. Speaker, I wish to direct a question to the Minister of Labour. According to representatives of the Trades and Labour Congress, the American Federation of Labour and the Trades and Labour Council of Quebec and Levis—

Some hon. Members: Why don't you put your question?

Mr. Speaker: Order. The hon. member is entitled to give whatever facts are necessary to make his question intelligible, but I think that the best method is first to put the question and then give perhaps a short explanation after the question has been put. It is very difficult for the person who has to judge the value of the question, to say whether the character of the question is one that is justified, if the hon. member prefaces his remarks by a long statement.

Mr. Dufresne: There is no long statement in my question; but I think I should have the privilege of rising in this house without being disturbed—

Mr. Speaker: Order. I think the hon. member will agree that he has been shown all the fairness that he was entitled to expect.

It would be much easier both for him and for all hon. members if he would put his question in the customary fashion. That is all we are asking him to do. He is entitled to ask his question, but he must not supply information. The purpose of asking questions at this period is to ask for information, not to give it.

Mr. Dufresne: I have not started yet, and I have already been disturbed by hon. members.

Some hon. Members: Question.

Mr. Dufresne: In view of the alarming unemployment situation in the city of Quebec, in which there are at present 22,000 people unemployed—

Some hon. Members: Question.

Mr. Dufresne: Oh, they can raise their voices!

Mr. Speaker: I presume that the hon. member is now coming to his question.

Mr. Dufresne: I was already in my question when I was interrupted.

Mr. Speaker: Will the hon. member be kind enough not to argue with the remarks that I make, because arguing does not help order in debate. All he has to do is to put his question: In view of the alarming situation in the city of Quebec, where he says there are 22,000 unemployed—now, the question.

Mr. Dufresne: I have already respected your decision, Mr. Speaker, and I shall continue that way, but I wish I could be—

Some hon. Members: Question.

Mr. Speaker: Order. I am afraid I shall have to ask the hon. member to resume his seat.

Some hon. Members: Hear, hear.

Mr. Speaker: The hon. member for Yorkton.

Mr. Drew: Mr. Speaker, on a question of privilege: These questions on the orders of the day have become an established practice, and I submit that on the consideration of procedure that is now being undertaken very careful regard should be had for the possibility that we deny any effectiveness to these questions if there are rigid limitations imposed upon the manner in which they may be asked.

Mr. Speaker: Order. I should like to comment briefly on the remarks of the Leader of the Opposition. The hon. member for Quebec West has often asked questions in this house, and on several occasions to my knowledge he has seen fit to preface his remarks by statements or by preliminary remarks instead of coming to the question. He is entitled to ask a question, but he must not recapitulate previous questions, as he did yesterday, for instance, in bringing up a new question. He is doing that again. I have asked him to put his question. I have asked him on three occasions, and I heard him say words to this effect: "That is the way I have been conducting myself and I will do it again." I think these words indicate that he is not taking in good part the remarks that I made to him in good part. I want him to ask his question, but after I have asked him three times he should not argue with hon. members who are entitled to say "Order" if the hon. member is not submitting himself to the decision of the Chair, and that is all that I was trying to have him do. I hope that this perhaps drastic decision that I have had to take in this instance today will help him to co-operate on future occasions. That is the procedure, and that is why authority is put in my hands. It is to make sure that the rules are going to be observed by all hon. members.

Some hon. Members: Hear, hear.

Mr. Macdonnell: Mr. Speaker—

Mr. Fulton: On a question of privilege—

Mr. Speaker: Order.

Mr. Fulton: —in order that fairness—

Inquiries of the Ministry

Mr. Dupuis: Mr. Speaker,—

Mr. Speaker: Order. It does not help decorum in this house when two hon. members try to catch the Speaker's eye. The hon. member for Kamloops has risen on a question of privilege.

Mr. Pearson: Not from his seat.

Mr. Dupuis: On a point of order—

Mr. Speaker: There cannot be a point of order at this time. I thought that April fool's day was yesterday.

Mr. Fulton: Mr. Speaker, in order that fairness may be shown to the hon. member for Quebec West, and not to enter into an argument on the form of the question, when the hon. member made the remark to which Your Honour referred I was in my place in another part of the house and I heard him say with respect to Your Honour's rulings: "I have always tried to abide by them and intend to continue to do so." I think that Your Honour missed the first part of that sentence. I certainly did not understand the hon. gentleman to be criticizing your rulings but rather to say that he would continue to observe your rulings. His quarrel was with the members on the other side.

Mr. Speaker: I am glad the hon. member for Kamloops brought these observations to my attention. I stand corrected. I am sorry that I did not hear correctly the remarks made by the hon. member for Quebec West. Perhaps later in this period of questions and answers, if the hon. member will be kind enough to put his question I will give him the floor.

[*Later:*]

Mr. Dufresne: Can the Minister of Labour tell the house if it is the intention of the government to undertake public works in the near future to help the 22,000 unemployed workers in the Quebec city area?

Mr. Speaker: I rise to tell the hon. member that if he had put his question in that form in the first instance, he would have avoided a lot of trouble.

Hon. Milton F. Gregg (Minister of Labour): I am afraid that I shall not be able to give an answer, other than one that might be considered as an anticlimax to the preliminary discussion. I should like to thank my hon. friend for sending me notice of his question, together with the preamble. In the preamble and explanation which he has given at the end of his question, I think perhaps he has something of an incomplete impression as to the area served by the two unemployment insurance commission offices in the cities of Quebec and Levis. They not only serve those two cities, but they serve the thickly-populated area astride the St. Lawrence river, totalling about 80 miles along the river and covering some six counties.

The other point I would make is that I would take exception to the total figures which he has estimated in his explanation. As to the question itself, if there should be any extension of the expenditures now reflected in the estimates before the house, whether it is in the Department of Public Works or elsewhere, it would be a matter of government policy and announced at the appropriate time.

MING SUNG INDUSTRIAL COMPANY

INQUIRY AS TO DISCUSSION OF LOAN AT GENEVA CONFERENCE

On the orders of the day:

Mr. J. M. Macdonnell (Greenwood): I should like to direct a question to either the Minister of Trade and Commerce or the Secretary of State for External Affairs, whichever is more suitable. The Minister of Trade and Commerce, speaking to the committee about the sum of $12,750,000 owing by the Ming Sung company, said to me, as reported on page 2400 of *Hansard* for February 24, 1954:

> While I am not promising the house that the amount due will be collected, I am not saying it is a hopeless account.

My question is: Will this matter and any other matters of a similar nature be discussed with the Chinese authorities at the forthcoming meeting at Geneva?

Hon. L. B. Pearson (Secretary of State for External Affairs): I do not expect there will be a suitable opportunity at the Geneva conference, Mr. Speaker, to discuss this matter. If there is, we will discuss it.

Mr. Drew: You will take their assurances.

WATER POLLUTION

NORTH SASKATCHEWAN RIVER—INQUIRY AS TO FEDERAL ACTION

On the orders of the day:

Mr. J. G. Diefenbaker (Prince Albert): Has the attention of the Minister of National Health and Welfare been drawn to the fact that the water pollution situation in the city of Prince Albert is almost as serious as ever? Will he, under the circumstances, give consideration to convening a conference of the three western provinces as well as the federal officials, in order to take further steps to meet the almost intolerable situation that has continued now for five months?

Hon. Paul Martin (Minister of National Health and Welfare): My hon. friend was kind enough to send me the newspaper clipping which summarizes fairly well the situation he has just mentioned. I have been in touch, since he gave me notice of intention to ask this question, with the deputy minister of health in Alberta, and Mr. Bentley, the minister of health for Saskatchewan, both of whom confirm the situation which I outlined to the house some days ago, namely, that the situation had been substantially corrected at the source, but it would take some time before, following the flow of the river, the correction would be noticed both at North Battleford and Prince Albert.

I am advised by Mr. J. G. Schaeffer, provincial sanitary engineer for the department of public health of Saskatchewan, there has been a slight improvement in the situation at North Battleford and a slight improvement in the situation at Prince Albert. The situation at Prince Albert will not be corrected immediately, but I am told by this time next week it should be fundamentally improved.

ST. LAWRENCE SEAWAY

INQUIRY AS TO COMMENCEMENT OF CONSTRUCTION

On the orders of the day:

Mr. W. M. Hamilton (Notre Dame de Grace): I wonder whether the Prime Minister could tell us whether the government has given up all hope of commencing construction of the St. Lawrence seaway during this year?

Right Hon. L. S. St. Laurent (Prime Minister): Mr. Speaker, the answer is no.

Mr. Hamilton: Supplementary to my previous question, could the Prime Minister tell us whether government policy now is that this will be an all Canadian project, since he indicates there is some hope it will be commenced this year, and since indications are the United States will not be in a position to co-operate with Canada this year?

Mr. St. Laurent: The hon. member no doubt knows that the seaway is dependent upon the construction of a dam reaching across the river, and that arrangements have been made for that dam to be constructed by the Ontario Hydro Electric Power Commission and by the power authority of the state of New York. The power authority of the state of New York has obtained a licence from the federal power commission to go ahead with the construction of that dam. There have been appeals before the court, but I believe the trial court dismissed the appeal or contestation of the licence and the trial court's decision was confirmed by the appellate division of the circuit court.

Under United States procedure I believe there is a period during which an application can be made for appeal to the supreme court, and that delay has not yet expired. Now, I understand that the matter the hon. member had in mind was probably the report that the United States congress has postponed what is known as the Wiley bill. The hon. gentleman can be assured, however, that from what we know of the intentions of the Ontario Hydro Electric Power Commission and the power authority of the state of New York, as soon as the legal impediments have been disposed of work will be started on the construction of the dam. With the construction of the dam under way, the seaway can be provided on either side of the river, and this government has declared its intention, as authorized by parliament, to proceed alone if, at the time work can be proceeded with, proper arrangements for the participation of United States authorities with Canadian authorities in the constructing of the seaway have not been made.

TELEVISION

RESTRICTED COVERAGE OF GENERAL FOODS PROGRAM

On the orders of the day:

Hon. J. J. McCann (Minister of National Revenue): Yesterday, Mr. Speaker, the hon. member for Wentworth asked the following question:

> Why did CBOT curtail televising the General Foods program last Sunday evening, when it was carried in full by Toronto, Montreal and every station on the continent of North America?

The answer is that a commitment had already been made for the showing on CBOT of the live program "Le tele-theatre de Radio-Canada," which is the regular feature drama on the French TV network on Sunday evenings from 9 to 10.30.

Our schedules are arranged a considerable time in advance and there was a prior commitment on CBOT, so only one hour was available for the Rodgers and Hammerstein show.

[*Later:*]

Mr. Lennard: I would like to ask the Minister of National Revenue a supplementary question. Was the program to which he referred televised in Ottawa?

Mr. McCann: Yes, that is my understanding.

CRIMINAL CODE

REVISION AND AMENDMENT OF EXISTING STATUTE

The house resumed, from Thursday, April 1, consideration in committee of Bill No. 7, respecting the criminal law—Mr. Garson—Mr. Robinson (Simcoe East) in the chair.

On clause 150—*Obscene matter.*

The Chairman: When the committee rose last evening we were considering clause 150 and the amendment which had been proposed by Mr. Fulton. Shall the amendment carry?

Mr. Fulton: Mr. Chairman, there were certain remarks made by the minister yesterday in the course of the discussion which, along with remarks made by other hon. members, make me hopeful that if my amendment could be modified it might find more acceptance than it has up to the present.

The minister has pointed out that under section 623 the present provision sets no ceiling upon the fine which can be levied on a corporation which is found guilty of such an offence. My point is, and I made it yesterday in the course of a question to the minister, that there has been no case to my knowledge, or to the minister's knowledge, in which a fine as high as $25,000 has been imposed on a corporation for an offence of this sort. My object was to place in the bill a provision which would have the effect of providing that where a corporation was guilty of this offence, which I believe most hon. members if not all regard as a most serious one, it should receive a substantial penalty. As regards the case to which the minister referred, the National News case, I have the records in my file somewhere though I have not been able to locate them; but my recollection is that the fine imposed was somewhere in the neighbourhood of $750, which is not a substantial penalty. In that case action was taken against the local distributor and he is pretty far down in the chain of responsibility. It may be felt that the fine in that case was adequate. But the effect of the amendment which I have placed before the house would not alter that because it would not raise the maximum penalty now provided for the news vendor or the local distributor. The effect of this amendment would be at the printer's and publisher's level, and possibly at the level of the people who first bring offensive articles into Canada.

I wonder if it would be acceptable to alter the amendment, by leave of the committee, so that it would read:

. . . is guilty of an indictable offence and liable to imprisonment for five years, or if a corporation to a fine of not less than $10,000.

That changes the fine of $25,000 to a fine of not less than $10,000.

[Mr. McCann.]

I want to say a brief word in further support of my position. I would like to have been able to work out an amendment which would have the effect of providing that, in a case where a prosecution is launched against an individual or a corporation in connection with offensive literature, whether it be of an obscene nature or a crime comic, an effort must be made to find the person primarily responsible for the introduction and releasing of the literature in Canada; because in my view no good purpose is served by confining prosecution, as seems to have been done in the past, entirely to the local vendor or the local distributor.

Something was said yesterday by the hon. member for Dauphin, in defence of the local vendor and the distributor, with which in principle I agree, although, as I have said before, I do not think you can totally absolve them from responsibility. They are not the people who are really at fault in this matter. The fault surely lies with those who have injected this stream of poison into the national life or the national system. It therefore seems to me that in every case where an offensive publication is found on a newsstand, while it may be proper to launch a prosecution against the vendor, who has undoubtedly committed an offence, it should not stop there. Surely in every case a strenuous effort should also be made to trace the thing back through the channels of distribution, through the local distributor, to the wholesale distributor and to the publisher. If the publisher is in Canada, or even if he is not in Canada, attempts should be made to find the person who first imported this offensive material in large quantities and then distributed it across Canada. Our prosecution in every case where offensive material is found on local newsstands should also be directed against the people who are primarily responsible.

I could not think of any way of working that out in an amendment. I am not sufficiently expert as a draftsman to attempt to do that, because in addition to the problem of stating the principle there would also be the technical problem of reducing it to legal terminology.

I would ask the minister to consider whether it is not possible to work out some such provision in our Criminal Code so that we will not be going after the small fry, the man who is lowest in the chain of responsibility, but really dealing and dealing effectively with the source of primary responsibility.

I again want to recommend to the committee that they read Dr. Wertham's book

"Seduction of the Innocent" when it appears. It is one of the finest analyses of the problem that I have seen, and one of the best arguments both as to the seriousness of the problem and as to the necessity of dealing with it. I should like, if I may, to place on the record two or three other excerpts from the book, because they seem to me to establish the case overwhelmingly for action against the publisher.

The following quotation is taken from page 93 of the galley proofs:

> From innumerable talks with children I got this image. Picture to yourself a typical American boy—

This might well read "Canadian boy."

> —of nine or 10 walking along the street. In his pocket is his spending money, or his weekly allowance, or his lunch money, or his movie money or candy money, or some of his saved money, or part of his earnings from after-school work or from a birthday or Christmas gift. A very small group of men is lurking behind him intent on getting most of that money away from him. They want even more than the money he has. They tempt him, they lure him, they show him how to steal, how to break into houses through the windows and how to sell stolen goods. They even sell him the weapons—guns and knives. The profit from all this runs into tens of millions of dollars. What do the children get in return? The Child Study Association of America says that they get "escape"; but what they really get is entrapment.

Then, as he points out and as I know from my own observations happens here:

> Old comic books never die; they just trade away. Just as children were taken advantage of in the field of physical labour, so now they are taken advantage of economically, as a market. In the matter of reading the adults get the best, the children the worst.
>
> Against the child is concentrated the economic power of a large industry. It has been estimated that a third of all cheap pulp made in the United States and Canada is used by comic-book publishers. Even granting that many adults read these comic books, the proportion of adult and child readers is such that over a million dollars a week is taken out of the pockets of children. In other words, children are the main outlet for the industry.

As to the cost of production and the profits made by these publishers, he says this:

> The actual cost of production varies. Some books have royalties attached to them. One comic-book publisher told me that "it costs roughly four cents to produce a comic book". A small comic book, such as one that Columbia University Press got out for educational purposes, costs about one and one-half cents, but if done less carefully could be done for three-fourths of a cent. A sixteen-page comic book such as those used for advertising or in politics costs no more than two and one-fourth cents for an average edition of 650,000.

So those are the figures as to the potential profits to be made by the publishers. As to the argument of free speech, some reference was made yesterday to the problem of censorship. I think that reference was made by the hon. member for Saskatoon. I want to emphasize again that what I am seeking to avoid is the necessity for censorship. The effort being made is to deal with this question adequately and effectively by legislation so that our courts can decide whether an offence is committed and so that it will not be necessary to set up a board of censors which I would detest almost as much as I detest the present stream of poison literature. I should have said I want to deal with the question of responsibility. Dr. Wertham says this:

> My associates and I have spoken to many vendors. And very many of them do not like to sell crime comic books. They know they are not good for children and they would rather not handle them. The president of the Atlantic Coast Independent Distributors Association has estimated that three-fourths of comic books are not "worthy of distribution" and the president of the National Association of Retail Druggists said at a convention: "It is a tragic fact that many retail druggists are peddlers of gutter muck. The charge can be held against them with justice; their only defence is that it has never occurred to them to check on the comic books."
>
> When parents critical of comic books have realized how defenceless they are against them they have made two unreasonable demands of vendors in stands or stories. First they have asked them to read the comic books before they sell them! That is of course impossible, just as it is impossible for a busy housewife to read all her children's comic books first, though that has been suggested by some experts.
>
> The second demand is that the small vendor should reject the most bloody and sadistic comics. But is it fair to ask these economically hard-pressed people to eliminate those comic books that sell best, when nothing is done at their source?

So Dr. Wertham agrees with me, the hon. member for Dauphin and others who have spoken in this matter, that the responsibility does not rest on the vendor—certainly not the main responsibility, at any rate—but that it rests back up at the source. That is where the big profits are made. That is where it is easy to know what you are dealing with and to refrain from producing it, and thus not only to save the vendors from the possibility of committing an offence but to save the children from the poison to which they are otherwise exposed.

Finally in connection with this matter of free speech there is in the book, at page 97 of the proofs, a very interesting commentary where Dr. Wertham says this:

> I am told that if I were to visit the National Cartoonists Society my reception there would lack chumminess. In fact, collectively they consider me to be a devil with two horns. Actually, when we extended our studies to include artists who make drawings for crime comic books, far from blaming them we found that they are victims too. I doubt whether there are any artists doing this work whose life ambition was to draw for crime comic books. From interviews, telephone calls and letters we found out that they are afraid too. This is the

kind of thing I was told: "Please don't mention that I even spoke to you! I'd be blackballed: I'd be ruined!" Here I found the comic book industry's conception of freedom of speech again. It is a strange part of the comic book industry that its vendors, writers and artists are so afraid. Maybe they should take the advice of the industry's experts and read horror comics to get rid of their fears.

So, Mr. Chairman, I think that all the evidence points to the conclusion that there is nothing to be said in favour of this form of poison and that the problem that confronts us is how to get rid of it. It was to meet that problem that my amendment was framed. It was to try to meet the problem at its source and to try to make it unprofitable for a printer or publisher to engage in this trafficking, so that first, he would realize that he had better stay out of the business and, second, if he goes into it we can get at him and can deal with him in a way which will effectively prevent him from repeating the offence. It is certainly my impression that, up to the present at any rate, the fine which the courts have felt themselves free to impose on wealthy concerns who make enormous profits from the printing and publishing of this material has been little more than a licence fee to continue in business.

I would hope that the minister might feel that the amendment would be acceptable if we put the fine at a minimum which will indicate to the court that this is the amount which parliament feels the courts should take as the minimum measure of their contempt for and of their opinion against this form of activity and that therefore they should impose this amount as a minimum fine, leaving the discretion to increase the top limit. If the minister would indicate that he would find that amendment more acceptable, I would ask leave of the committee to change it accordingly.

The Chairman: I understand that the hon. gentleman wishes to alter his amendment by deleting the words "$25,000" and substituting the words "not less than $10,000"?

Mr. Fulton: Yes.

The Chairman: Is it agreed that the hon. member has leave to do this?

Some hon. Members: Agreed.

The Chairman: Perhaps I should read the amendment. It is moved by the hon. member for Kamloops (Mr. Fulton):

That section 150 be amended by adding thereto the following words as subsection (8):

(8) (a) Every one who commits an offence under this section and who is the person who makes, prints or publishes or has in his possession for the purpose of publishing any of the things enumerated in subsections 1 (a) and 1 (b) of this section is guilty of an indictable offence and liable to imprisonment for five years, or if a corporation to a fine of not less than $10,000.

(b) Every one who commits an offence under this section and who is the person who distributes or circulates or has in his possession for the purpose of distribution or circulation any of the things enumerated in subsections 1 (a) and 1 (b) of this section is guilty of (i) an indictable offence and is liable to imprisonment for two years, or (ii) an offence punishable on summary conviction.

Mr. McIvor: Mr. Chairman, I am sorry that I have to leave and go to a standing committee, but I have a word to say on this matter. I agree with the hon. member for Kamloops that the individual who initiates the evil thought should be taken care of. But the education of the youth of Canada is not being neglected at the present time. Perhaps the hon. member for Kamloops knows that there is another type of crime comic coming into use. Perhaps he has seen the story of Daniel when he stood up for what was right and won out. Perhaps he has seen that in the form of such comics. Tons of this type of literature are being used in our Sunday schools today. That is taking the place of crime comics, comics that show people being killed. I think our religious education leaders, Protestant, Roman Catholic and Jewish, are to be commended for taking the initiative and not only fighting this evil thing but putting something better in its place.

The Chairman: Is the committee ready for the question?

Mr. Garson: I think perhaps I should say a word or two concerning the suggestion made by the hon. member for Kamloops. I am all too frequently embarrassed in relation to arguments put forward by the hon. member for Kamloops to have to keep on reiterating that we in this parliament can only enact the criminal law, that the enforcement of it is entirely the responsibility of the provincial authorities, and that the judgment in respect of any prosecutions which are instituted is properly that of the independent judges and magistrates of Canada.

One of the principles of independence which we have tried to emphasize in this new bill is the giving to the courts of wider discretion with regard to penalties. If we have not competent magistrates and judges in Canada, and they cannot be trusted with that discretion, then what we should do is get rid of the ones we have and replace them with ones in whom we have confidence. But in my opinion it is wholly wrong that parliament or a provincial legislature should restrict the discretion vested in a judge or magistrate by imposing minimum penalties, and in the whole of the present Bill No. 7 there are

only three cases in which minimum penalties are prescribed, with regard to drunken driving, impaired driving and thefts from the mails.

In this present case I should like to suggest today, as I did on the previous occasion last spring when my hon. friend was then making some suggestions with respect to tinkering with the present law, that thanks to his initiative in the first place and to the care with which the present provision has been drafted we know now that we have a law that is quite enforceable. In my view what will prevent effective action more than anything else in the enforcement of this law is divided counsel as to what should be done to deal with this problem from this point on. I say that what we should do from this point on, having achieved an excellent and enforceable law, is to stop tinkering with it and call upon the people whose responsibility it is to enforce it to enforce it. I say there is nothing else we can do in relation to this matter other than enforcing the law that will have one-quarter the effect in stamping out crime comics and obscene literature.

Inasmuch as the publishers of these crime comics, as I believe is the case, have not in one single instance been prosecuted by the law enforcement authorities of the provinces, is any member so naive as to suppose we are going to increase the possibility of enforcement by imposing a minimum penalty of $10,000? I for one must reject such naiveté. I do think that the present debate, just as the debate last spring, has served a useful purpose in bringing to the attention of public opinion the gravity of this practice and the necessity of stamping it out, and that it will have a good effect in encouraging public opinion in the various communities throughout Canada to insist that the prosecuting authorities take some steps to enforce this law. But I do suggest, Mr. Chairman, that that is the only method by which we will get any effective action in this matter, and that the longer we create the impression by tinkering around with the law that if we just bring in some new amendment, such as the one my hon. friend suggests, that is going to cure the evil, the longer we are going to be deluded into the type of inaction or divided counsels which postpone any effective results.

With regard to everything the hon. member for Kamloops has said today and with what he said yesterday, I find myself in almost complete agreement. The only trouble is he is saying it in the wrong place. He has come to parliament, which only has the power to enact the law, and is making long speeches concerning the manner in which it should be enforced. I agree with him. I think it should be enforced more than it is. But he should be talking to the attorney general of Ontario, the attorney general of Quebec, the attorney general of Manitoba, the attorney general of British Columbia and the attorneys general of the rest of the provinces. They are the only ones who can bring about the enforcement of this law that he desires.

With an enforceable law upon the statute books, a law which the court of appeal of Ontario has now confirmed is completely enforceable so far as obscenity is concerned, I do suggest that if we have up to date not a single example of prosecution of a publisher of these books I am not so simple myself, and I think there will not be many members of the house so simple, as to think we are going to compel that enforcement by suggesting a minimum penalty of $10,000. When my hon. friend suggested yesterday that there should be a penalty of $25,000 I pointed out to him, and he now concedes the fact, that the law as it stands has no limit. If the prosecuting authorities wish to urge it and if they can find a judge who is prepared to give judgment to that effect, a penalty of $2 million can be imposed upon a publisher of crime comics, and if the evidence in the case warranted such a heavy penalty, that penalty would be perfectly good in law.

That being the case, I think we would be well advised to defeat my hon. friend's amendment and to carry on with the law we have at the present time. If my hon. friend will permit me to say so, I think he would be well advised if he would make these excellent suggestions that he has made in the house to his friends, the provincial attorneys general.

Mr. Fulton: May I ask the minister a question? The minister has stated that there has not been a single case of prosecution against a publisher. As a matter of fact, I think most of the publishers are in the United States, but I take it what he has in mind is at the publisher level or the level of the first importer. Would he agree the law is satisfactory if that is the case?

Mr. Garson: I would not agree that the law is satisfactory because that implies that my hon. friend thinks it is, and I have just understood him to say that he does not think it is.

Mr. Fulton: Does he really think the law is satisfactory?

Mr. Garson: I most assuredly do, but I would point out to my friend, I think for about the tenth time, what seems to me to be

a very simple and elementary principle, namely, that the most excellent law, if not enforced is no better than no law at all. That is all there is to this matter, that and nothing else. I suggest further as another elementary principle that you will not secure one atom more enforcement by putting in this provision about the penalty, either the one moved yesterday or the one moved today, because it seems to me to be a most elementary principle of logic, that if these publishers are not prosecuted with the present penalty, there is no greater likelihood of their being prosecuted with a minimum penalty of $10,000.

Mr. Fulton: What is the present penalty?

Mr. Garson: The present penalty—

Mr. Fulton: Not under the new code but under the code as it exists. What is the present maximum penalty?

Mr. Garson: The present maximum penalty under the code as it exists—I am speaking from memory and I hope my assistant will correct me if I am wrong—is two years' imprisonment for an indictable offence in the case of a person accused, and in the case of a corporate accused the court is empowered, under the analogue to section 623 to which my hon. friend was referred, to impose a fine without any limit whatsoever. That being the case, unless we regard all our judges and magistrates as being incompetent to judge as to the facts of cases before them, what is there more that we can provide, in the matter of penalty, than what we have had on the statute books ever since my hon. friend from Kamloops brought in his bill, and we coopered it up and enacted it?

Mr. Fulton: What does the minister ascribe as the reason why, since 1949, the prosecutions have all been against individual vendors, and none against those higher up in the chain?

Mr. Garson: Oh, my hon. friend is wrong in that. If he will look at the law report in his hand he will see that that is against a corporation.

Mr. Fulton: Oh no, the case I have in my hand is one that was before the Manitoba court of appeal. It is the case of Regina *v.* Roher, an individual news vendor who was fined $5 in respect of crime comics.

Mr. Garson: I am sorry; I thought my hon. friend had before him the report of the Ontario court of appeal against the National News Company Limited.

[Mr. Garson.]

Mr. Fulton: My question related to crime comics, and the minister will not forget that the case he mentioned related to obscene literature.

Mr. Garson: That is right.

Mr. Fulton: My point is that the only prosecutions in respect of crime comics I have been able to find have been one against an individual vendor, and another against a local distributor. Neither was against anyone higher up. To what does the minister ascribe that fact?

Mr. Garson: Well, not being in the confidence of the provincial prosecuting officers concerned, I am unable to answer my hon. friend's question.

Mr. Ellis: Mr. Chairman, this discussion indicates the basic weakness in the section. Here we have a law which the minister tells us has not been enforced, so far as any publisher is concerned. There have been a number of cases where vendors have been charged—and I do not know whether the minister has the number of those cases. But during all the discussion it has been made clear that the real and basic weakness has not been pointed out sufficiently.

Last night the hon. member for Dauphin, speaking as one who has had practical experience in the sale of comics, brought out a point which has not been given the consideration it deserves by this committee.

I know in my own constituency a good many news vendors operate restaurants, barber shops and various other businesses, in which they sell magazines only as a sideline. Under the terms of this law they are held responsible for the magazines sold. Yet I suggest they are not always in a position to exercise judgment. As the hon. member for Dauphin pointed out last night, he had turned over a number of these magazines to a police magistrate and, in another instance, to a crown prosecutor, inviting them to check them over and decide whether or not they were crime comics. They did not undertake that responsibility, claiming that the only person who was able to judge whether or not they were crime comics was the attorney general of the province.

In all the discussion that has gone on we have heard no mention of that basic fact; because, as the law reads now, the people who are most likely to run foul of the law are not those who publish the comics at all, but rather the small news vendors who sell them. That is the weakness that should be given serious consideration.

Mr. Garson: May I ask the hon. member a question?

Mr. Ellis: Yes.

Mr. Garson: Has he read the section?

Mr. Ellis: I have read it, yes. But I am now referring to the statement made a moment ago by the minister to the effect that publishers have not been convicted under this section. Is that correct?

Mr. Garson: Yes, but that is not necessarily an indication of any fault in the section. It means they have not been prosecuted.

Mr. Ellis: And it indicates a basic weakness in the law.

Mr. Garson: Certainly not.

Mr. Ellis: If a law is on the statute books and is never enforced, would the minister call it a good law?

Mr. Garson: I would suggest to my hon. friend again, as an elementary principle, that, whether or not over any given period of time the law enforcement officers for one reason or another do not choose to prosecute, the point as to whether they do or do not prosecute has nothing whatever to do with the merits of the law. The law may be an excellent law; but if you do not invoke it I suggest it is no less excellent because of that fact that you do not invoke it. That has to do with enforcement; and I suggest that is just as simple as two plus two equals four.

Mr. Ellis: But that is not my point. What I am saying is that at the present time there is a section in the Criminal Code which the provincial attorneys general have not seen fit to use in order to prosecute publishers. In other words, we will take it either that there are no crimes being committed under the section—and I think the minister will agree with what I am saying in this connection—or that the various provinces consider it is not important enough to undertake prosecutions.

In either case, we have spent a great deal of time in this committee discussing the section and an amendment. This section is either unnecessary, because there have been no prosecutions under it, or it is not considered serious enough for the law enforcement officers to take any action under it.

The point I want to draw to the minister's attention is this: Is it not possible under this section to place the blame and responsibility where it should rest, namely on the publishers of these magazines? In other words, when these publications appear on the newsstands they bear the names of publishers. If law enforcement officers go into a news vendor's store and pick up a magazine, and feel that that magazine is being circulated in violation of the section, why could they not prosecute the publisher direct? Why hold the news vendor responsible when, after all, he sells many hundreds of books and magazines and, under the conditions described last night by the hon. member for Dauphin, is not in a position to judge whether they contravene the law.

As I see it the basic issue is that this law should be directed, not against individual news vendors but solely against the publishers. Would the minister tell the committee whether in his opinion direct prosecution of the publishers would not put a stop to the publication of magazines and comic books that we consider offensive under the terms of the act?

Mr. Garson: Well, Mr. Chairman, I have some modest claim to being a lawyer—but not to being a prophet. Therefore I would not like to prophesy what the results would be in prosecuting publishers. But I think that having regard to the fact that our responsibility here is to recognize an abuse and then to draw an effective law which can be invoked by those whose responsibility it is to prevent that abuse, it is on that feature of the matter we should focus our attention. That is what we are here for. One might move toward answering my hon. friend's question by putting it in this form: Is it possible to prosecute a publisher of crime comics?

The reason I asked my hon. friend whether he had read the section was that I thought if he had he would have found the answer to his question in that section. It reads in this way:

> Every one commits an offence who (a) makes, prints, publishes—

The publisher is guilty. I continue:

> —distributes, circulates, or has in his possession for the purpose of publication, distribution or circulation any obscene written matter, picture, model, phonograph record or other thing whatsoever, or (b) makes, prints, publishes, distributes, sells or has in his possession for the purpose of publication, distribution or circulation, a crime comic.

I would ask my hon. friend to tell me how in the English language the meaning could be made more clear than that, as to whether the publisher could be prosecuted?

Mr. Ellis: I have read the bill; I know full well the publisher can be prosecuted; but my question is this: Is it not possible to prevent the circulation of crime comics in Canada by prosecuting the publisher, period? In other words, should it be necessary to go beyond

that point? After all, there are relatively few publishers of comics in this country. Is it not possible, by applying sanctions at the level of publication, to make it unnecessary for the small newsstand owner throughout the country—and there are many thousands of them, at least 10,000 of them—to be perpetually in danger of running foul of the law, under the terms of this act? My question to the minister was not whether publishers could be prosecuted. I know quite well they can be prosecuted, although none has been, as the minister pointed out to my hon. friend. I repeat: Is it not possible to put a stop to the publication of crime comics in Canada by applying the law at the publication level only?

Mr. Garson: I think that I might give a fairly cautious answer to that question by saying that the prosecution of the publishers would undoubtedly tend in that direction. I am not sufficiently familiar with all of the details of this business to know whether that would constitute an entire solution, because there may be sources that I do not know other than Canadian publishers. But I would certainly agree with what I take to be the view of my hon. friend, namely, that prosecution of the Canadian publishers would certainly tend to stamp out the practice.

Mr. Fulton: A most useful purpose has been served here. I do not agree with everything the minister has said, but the fact that attention has been drawn, as a result of this discussion, to the importance of the desirability of proceeding against the printer and publisher rather than against the vendor will certainly serve a potentially useful purpose. I think it will have an effect on our enforcement officers. I do suggest to the minister, notwithstanding that, that some purpose would be served by adopting the amendment, because I suggest that one of the reasons why vendors almost exclusively, and in some cases the local distributor, have been prosecuted under this section is that they are easier to get at. That is the place where the offensive material is found, and so the law enforcement officers, in some cases being pressed or prodded by an active public-minded organization such as the Parent-Teacher's Association, find most of the information against the local vendor and they lay charges. No one thinks of going beyond that. I do not know for what reason they do not think of it, but they do not appear to think of it or to be prepared to take the trouble to go back through the chain to find out who it was that was responsible for first placing this matter in circulation. I suggest that is why the vendor is usually prosecuted. It is easier to get at him. Admittedly he is usually fined $5 and hardly ever more than $50. The records of the cases show that he is not harshly treated by the courts. If an amendment such as I have suggested were adopted, drawing attention to the fact that the man who should be heavily punished, singling him out for attention, if you like, is the printer or publisher, the person who first puts it into circulation, singling him out and marking him for attention by way of a much heavier penalty than the other, it would serve a useful purpose, and it would be a practical factor in the legislation itself. It is for that reason that I put the amendment forward, and for that reason that I continue to support it.

Mr. Nesbitt: I have a brief comment or two and I should like to ask a question as well. First of all, numerous remarks have been made during the course of the debate on this clause to the effect that very few prosecutions have been laid under the existing section in the code. I should like to suggest, and the minister has pointed out repeatedly, that it is a question of enforcement and not so much a question of the law. The two are related. This whole question of crime comics is a relatively new idea in the law. Unless a local crown attorney or police officer receives complaints from people he simply does not do anything about it. The thing to do to help enforcement is to show the people of the country that this House of Commons means business. A very good way to do that would be to put in a penalty of $10,000.

In addition to that, when magistrates and judges are applying the law and the penalty, and if they have no precedent or example before them—and it is admitted that there are very few under the existing sections of the present code—they have to look at the code to try to find the proper term, or the intention of the legislature. They might have some difficulty in that regard, if they read the proceedings of this debate, to find out what the intention was. But they would have to look at the wording of the statute itself.

Now, a judge or magistrate making a decision and deciding on a penalty would look at section 150. He would then turn to section 154, and he would find that prosecution could be taken either by indictment or on summary conviction, which could not help but indicate to the judge or magistrate that since that was the intention of parliament in passing this law, it was a relatively minor offence, because when a person has the choice of proceeding by way of indictment or on summary conviction—the choice is up to the crown prosecutor—the offence is a relatively minor one. The minister is not going to

agree with me when I say this is a minor offence, but one would certainly not get the impression that it is as severe an offence as murder or robbery, where proceedings are taken by indictment alone.

A person could be punished on summary conviction for committing a relatively small offence under clause 150. If there was a minimum penalty of $10,000 it would clearly indicate to any judge who had to give a decision that the House of Commons meant business in so far as the publishers were concerned when this clause was passed.

We can look at other clauses and we see that there is no amount mentioned. There is no limit to the amount that you can fine a corporation. The minister said you could fine it $2 million. That is true, but no judge is going to do that. He will look back at the section and the method of proceeding against the accused, and then he will have to form some conclusion. Any judge would be loath to inflict a very heavy penalty of $10,000 to $25,000 unless he had some precedent or could get some indication from the statute. As Bill No. 7 now stands, the clauses relating to crime comics certainly do not indicate that the intention of the House of Commons is to have very heavy penalties inflicted.

Mr. Zaplitny: I have a question to ask at this point. Can the minister give us information as to the number of prosecutions and also the number of convictions, if any, in the three categories covered, namely, publishers, distributors and vendors, since the amendment was passed in 1949?

Mr. Garson: No, I could not. In order to give reliable figures on that we would have to make an inquiry to all the provinces of Canada; for it is of course provincial prosecutions which are involved. We can only get these figures from the provinces. There are cases, of course, like the ones that have appeared in the law reports, but by no means all the prosecutions involving the point at issue here have been reported in the law reports. There must be quite a number of cases that do not appear in the law reports, and the only way one could get them would be to write to the provinces for them.

Mr. Zaplitny: As I understand it, unless I did not hear correctly the statement that was made, there have been no prosecutions so far as publishers are concerned. Is that correct?

Mr. Garson: No, my hon. friend is quite right in what he heard. Perhaps I was at fault in stating what after all was just a deduction on my part. I formed the judgment that the prosecution of a publisher would be a rather big-scale affair and probably a defended case, so it would be recorded in the newspapers and I would have read about it if it had occurred.

My hon. friend will recall the prosecution of the company in Ottawa, and they took the case to the court of appeals. It appeared in the newspapers a number of times, both during the trial and when it was in the court of appeal. I have deduced, from not having read any reference in the newspaper to a prosecution of a publisher, that there had been no such prosecution. I suppose I perhaps should not state that as a fact, it is more a deduction.

Mr. Zaplitny: The point I am getting at, Mr. Chairman, is this. If there have been prosecutions of vendors or distributors, then it would appear rather strange if there were no prosecutions of publishers. As has been pointed out by my colleague, the hon. member for Regina, it should be a simple matter to trace back from the vendor to the distributor and so to the publisher from whom the material emanated. If that is the situation it would indicate, to a certain extent, what the minister has said is quite correct, in that we can only make the law but the enforcement of it is elsewhere. If the provinces do not see fit to prosecute the publisher, then the penalty is not of great importance until such prosecution is begun.

On that point, I wonder if the minister could perhaps enlighten the committee any further. Does he know of any reason, in cases where there has been prosecution of the vendor or distributor, why it was not followed by prosecution of the publisher?

Mr. Garson: Yes, I can state one case, the case the hon. member for Kamloops mentioned concerning the prosecution of a retail vendor in Manitoba. This case could not be followed up by prosecution of the publisher because I believe there are no publishers in Manitoba. The Manitoba authorities could not prosecute because they can only prosecute for offences which occur in the province. The only prosecution of publishers that could take place would be prosecutions in provinces in which there are publishers.

Mr. Shaw: It was not possible for me to be in the house last night during much of the discussion, and I have not felt equal to the task of reading the whole debate. Possibly the question I desire to ask has been asked. When these publications or the plates from which the publications are printed reach the border are they simply passed through without any examination whatever by the customs officials? Is the gate wide open? Certain crime comics appear here week by

week or month by month under the same name each time. They are known to be crime comics, so would the minister see any merit in the suggestion that the appropriate authority simply ban the importation into Canada of certain specified publications?

So far as these little pocket editions are concerned, I realize that they appear under different names, and I would not for a moment advise putting a ban on them. They are not all crime comics, nor is it a type of literature which, in all cases, would be bad. It would seem to me that when so many of these publications—I am speaking of crime comics particularly because they are the ones about which we are most concerned and which get into the hands of the children—are known, the appropriate authorities could simply say that those publications are undesirable and therefore are not permitted entry into Canada, nor are the plates. Would the minister see any merit in a suggestion of that kind?

Mr. Garson: This is not recent knowledge on my part, and as I have not made a point of checking it I may be wrong. My impression is that there is a long list of publications including comics which are banned, that is the documents or the magazines themselves, and the plates for making them are also completely banned at the border.

Mr. Shaw: I would suggest that, since this has become such a serious problem, the authority which presently has the right to ban simply take upon itself the responsibility of extending that list. I think if you could curb the action at that point we would not have such a serious problem as that which has been brought up this afternoon, namely the prosecution of the responsible person.

Mr. Fulton: I just want to say now, lest I should otherwise by association appear to be recommending, as a solution to this problem, the extension of any ban or censorship, that all my effort has been towards working out a method of dealing with this under the law and not by resorting to censorship. Even granted that there is a list of those things which the Department of National Revenue, under existing authority, has listed as being prohibited entry into Canada, if we are going to make the department discharge the function of censors, for which they are not really qualified in the first place, I should imagine we would have to add tens of thousands to the staff of the department in order to cope with the enormous volume of this stuff crossing the border. The answer, I say, is to make the penalty sufficiently severe against the people who bring the material into Canada and put it into circulation. We should deal with it that way rather than by enlarging the staff of quasi-censors.

Mr. Garson: If the hon. member proposes not to censor the entry of the magazines from the United States, which are published in the United States, how is he going to prosecute the publisher?

Mr. Fulton: I do not know what the minister means.

Mr. Garson: How is the hon. member going to prosecute the publisher in the United States?

Mr. Fulton: You cannot prosecute the publisher in the United States, whether there is censorship of the material or not.

Mr. Garson: My hon. friend has been saying that the publisher should be prosecuted. Then he says, I am not in favour of censoring the merchandise coming in from the United States. If it comes in from United States publishers, and there is no censorship—

Mr. Fulton: But I did not say that—

Mr. Garson: Let me finish my sentence.

Mr. Fulton: Well, let the minister be accurate in his interpretation of what I said. I did not say what he has suggested I said.

Mr. Garson: I understood my hon. friend to say he did not wish the Department of National Revenue to exercise any discretion over the entry—

Mr. Fulton: I said I did not wish to extend the functions of the Department of National Revenue as that is not the answer to this problem.

Mr. Garson: But you do not object to the exercise of the function as it has been exercised in the past.

Mr. Fulton: No. I said that if you are going to make censorship your answer you would have to increase your staff to something in the neighbourhood of tens of thousands because of the enormous volume of this material that comes into the country. The duty of these people is not to make themselves censors of mail or parcels or things that cross the border. Their job is to levy tariffs and duties and see that the appropriate customs tariffs are paid. As I say, censorship is a job that has been thrust upon them. I am not suggesting it be withdrawn, but I do not think the answer to this problem lies in extending the quasi-censorship powers of the Department of National Revenue.

Mr. Garson: My hon. friend will agree we cannot in Canada prosecute publishers in the United States.

Mr. Fulton: No; but you can prosecute those who print books after the plates are brought over. You can prosecute those who bring in and circulate within Canada things which are an offence within Canada.

Mr. Shaw: Mr. Chairman, I should like to make one thing perfectly clear. I did not suggest that customs officers should act as censors. I said we know that certain publications which appear regularly under certain names are undesirable. As far as I am concerned, I make no apology whatsoever for stating that when that fact becomes known we should ban that publication from Canada. We have no hesitation in passing a law respecting sawed-off shotguns or certain other weapons when we are trying to prevent instances of crime within this country. I make no apology whatsoever for taking this position. I believe we could probably go a long way towards solving this problem if we just simply said: "We know that publication and we do not want it in Canada." I did not suggest it should be the individual customs officer who should determine whether a publication is desirable. We should have an appropriate authority for making that decision.

The Chairman: Is the committee ready for the question?

Some hon. Members: Yes.

Amendment negatived: Yeas, 16; nays, 35.

Mr. Zaplitny: Mr. Chairman, before this clause is carried I have another amendment I want to submit which is in line with what I had to say last evening as regards the possibility of unjust treatment of vendors and distributors. I hope that the gate will not be closed in this regard and that they will be able to plead ignorance in accordance with the law as it now stands. Subclause 6 of clause 150 reads:

> Where an accused is charged with an offence under subsection (1) the fact that the accused was ignorant of the nature or presence of the matter, picture, model, phonograph record, crime comic or other thing by means of or in relation to which the offence was committed is not a defence to the charge.

I believe that if that subclause were removed it would not absolve the vendor or the distributor from liability as regards crime comics, but it would at least not bar them from pleading ignorance. I want to assure the committee that I anticipate the argument that such a provision might easily be extended to cover publishers, but I cannot conceive of any difficulty in proving in court that a publisher knew the content of what he was publishing. The same is not the case when it comes to the vendor or the distributor. I therefore move, seconded by hon. member for Regina City, that subclause 6 of clause 150 be deleted.

Mr. Garson: Mr. Chairman, I think I should comment briefly on this amendment. It may appear upon the surface to be a bit harsh upon the accused to deny him the plea of ignorance, but, when an amendment was introduced by the hon. member for Kamloops in 1949, and we in the federal government submitted this to the provincial law enforcement officers, we were told among other things that, unless we had a clause like this in the section, almost any of those who were involved, either in retail or wholesale distribution, would be able to say in relation to the charge in respect of any specfic book: "Oh, my goodness, I am shocked to find in page 25 of this book something that is terribly repugnant to my moral nature. But I did not know anything about it. I thank you for bringing it to my attention and I will strike it off my list."

One can easily see that in a situation of that kind we would have a law which was not very readily enforceable, and for that reason we have included this subclause in the bill. The hon. member who moved this amendment told us yesterday about his own experience as a retail distributor. Knowing his reputation for accuracy in all matters, I expected that he would explain that when he received books from the distributor he was able to send any back he wished, because quite contrary to the popular impression none of the retail vendors are under the necessity of selling these books if they do not wish to sell them. As my hon. friend from Dauphin said, the distributor who has a large volume of titles to sell cannot be bothered making up parcels individually for each of their retail vendors. The wholesale distributor sends out in the first instance, as the hon. gentleman from Dauphin correctly stated, a package of books which the wholesaler believes the retailer's community will absorb. If the retailer cannot sell some of these books he may return them. The wholesaler then simply modifies his selection of titles in the next parcel he sends out for no more complex reason than that this is the simple, easy, automatic way to keep the retailer supplied with books which his community will buy. If the retail vendor, with the concern for the morals of the young people in this community to which my hon. friend from Dauphin laid claim, sees amongst the books in his possession something that is clearly a crime comic or obscene, he can send it back

to the wholesale distributor. He is required to do nothing more complicated than that to avoid committing the offence of selling these things to the public. That being the case, I do not think there is any reason for an amendment of this sort.

Mr. Ellis: Would the minister tell us how the vendor is going to decide what to send back. The hon. member last night pointed out that in his experience certain local people in his own community would not undertake the task of deciding which magazines should be sent back and which should be kept on the shelf. I would like the minister to tell the committee how the individual vendor is going to accurately sort out good material from bad.

Mr. Garson: I do not know how familiar the hon. member is with these pocket books, but I would suggest to him that if he goes to the average stand and casually goes through the books there he will not have too much trouble in selecting some of the more prominently obscene ones, and in pretty short order. The identification of crime comics might be even easier than that. I must say for my part that this difficulty which has been alleged in separating the wheat from the chaff never impressed me very much. It may be that in the odd case an innocent dealer might be caught, but I do not believe there would be very many such hardships. So far as I know, none have occurred so far under this present section of the code as it now stands.

Mr. Ellis: If it is that easy to decide on the part of the vendor, would it not be just as easy for the appropriate authorities to examine the material as it leaves the publishers, or as has been suggested this afternoon, for the material to be looked over and to be decided on before ever reaching the vendor's hands? In other words, the hon. member for Kamloops spoke of his aversion to censorship. There are two types of censorship. There is the direct type of censorship and there is the more indirect type.

Mr. Fulton: There is the obligation of self-censorship that everybody has to accept.

Mr. Ellis: The point I tried to make this afternoon was this: Why have we got these publications floating around the country?

Mr. Fulton: Because there are profits to be made from them.

Mr. Ellis: Because the publishers of crime comics find that they can make money out of selling crime comics. Consequently, if the job were done properly, and if the responsibility were placed on the shoulders of those who publish the offending periodicals—if it were done at that level—it would not be necessary for the vendor to have to be under the obligation of deciding whether or not he was within the law.

Mr. MacInnis: Mr. Chairman, I think I should say a word or two on this matter because I shall feel constrained to vote against the amendment and I should not like to vote against it without letting my friend the hon. member for Dauphin know why. I would be opposed to the deletion of this subsection because I do not believe we should give anyone the excuse to say that he was selling something the nature of which he did not know. I think that is making it too easy altogether for people to sell salacious literature and to clear their consciences by the fact that they did not take the trouble to know what they were distributing throughout the community. I cannot accept this excuse at all. I think we shall have to keep this subsection in the law in order to make it enforceable to some extent at least.

Mr. Fulton: I rise mainly for the purpose of commenting. While I agree with the minister that the evidence seems to establish that as between the local distributor and the vendor, the vendor is free to return titles which he does not wish to sell, and he gets a credit for them when he returns them, other evidence, particularly the evidence in the recent contempt case at Cornwall, is to the effect that as between a local distributor and his wholesale supplier there is a term in the contract which compels the local distributor to accept all the titles which he is offered. He is not allowed to exercise his discretion; he is not allowed to go through his block parcels and to return direct the titles which he thinks are undesirable. I think the process is that he has to pass those on to his local retailers and that if then they are returned to him by his local retailers, he in turn can return them to the wholesale supplier. I do not know what the correct term for that individual is, but he would be on a bigger scale than the local distributor.

The minister and I have had some discussion of that feature in connection with another provision of the law. Even if the minister is not satisfied that the combines law should be invoked against that practice, I think it should be made clear that it is not a practice to which approval should be given and that everyone who receives goods to sell or distribute, which he does not think it is desirable to distribute, should have the right to return them and should not be bound by a contract to accept them and to pass them on where they may continue to poison the

minds of young children. However, for the reasons that I have indicated previously, I do not think that anyone concerned in this process can be absolved from that responsibility, whether he be the vendor, the local distributor, the wholesale distributor, the man who prints the book or the man who publishes it. I therefore think that this subsection should be left in.

Mr. Zaplitny: I should like to repeat something I said when I moved the amendment. I thought I had made it quite clear then, but in view of what has just been said by the hon. member for Kamloops I think it should be repeated. The removal of this subsection will not absolve from responsibility the vendor or the distributor. Its removal will simply have the effect of giving him the opportunity in court of pleading ignorance. That in itself does not mean that by the very fact that he pleads ignorance he is automatically acquitted. There may be plenty of other evidence to show that he is responsible, and that he was not ignorant of the contents. But this section arbitrarily states that he cannot even plead ignorance. It closes that door.

As to what has just been said by my colleague the hon. member for Vancouver-Kingsway, for whom I have great admiration, I am afraid there is some misapprehension about this matter. Some people are under the impression that this law forbids what is known or has been referred to as salacious literature. It does nothing of the sort. It refers to the commission of crime. The only description of a crime comic—

Mr. Fulton: It refers to obscene literature.

Mr. Zaplitny: Yes; to obscene literature.

Mr. MacInnis: That is the same thing.

Mr. Zaplitny: There is a difference. The only definition I can find here that would act as a guide to what is a crime comic is in subsection 7 of section 150, which reads as follows:

> In this section, "crime comic" means a magazine, periodical or book that exclusively or substantially comprises matter depicting pictorially
> (a) the commission of crimes, real or fictitious, or
> (b) events connected with the commission of crimes, real or fictitious, whether occurring before or after the commission of the crime.

As I pointed out yesterday, that language is extremely wide, hazy and vague. May I also ask why we pick on comics exclusively? When it comes to pictures or stories depicting crime, the matter goes a great deal further than comics. You have, for example, your radio programs and even your television. You have other methods by which crime is depicted, both pictorially and in words; yet you seem to get all excited and hysterical about one particular phase of it. When it comes to some of that lurid literature to which the hon. member for Macleod referred yesterday, I submit that I have not read anything that contains stronger language than do some of the proceedings of the divorce committee that is handled by this very house. Certainly if that was contrary to law, some of the members of this house might find themselves in difficulties.

Mr. Fulton: Parliamentary privilege.

Mr. Zaplitny: But to be serious about the matter, there is not much doubt that the average vendor or—I will not even say the "average vendor"—that the great majority of vendors, even if the wording of this section were brought to their attention, would have great difficulty in deciding what is a crime comic. Not only would vendors have difficulty, but as I have pointed out, even crown prosecutors and police magistrates have found great difficulty in deciding what is a crime comic. For that reason I believe that, without absolving the vendor entirely from responsibility, certainly the removal of this subsection would provide some little measure of leniency by giving him an opportunity to prove that he was in fact innocent.

Mr. Ellis: May I make a comment regarding the difficulty of the vendor? Yesterday the hon. member for Macleod sent across to the minister a copy of a pocket book and pointed out that, while on the whole the book was not too bad, he had found one paragraph in it which he did not like. I suggest that the vendor who sold the book might not have read the entire book or might not have read the offending paragraph. Apparently the hon. member for Macleod feels that the book is not the type of book which should be sold in spite of the fact that the book as a whole was all right.

What the hon. member for Dauphin has just pointed out is quite correct. There is a great deal or difference in the case of the vendor who has on his rack something that he knows, and that anyone can tell at a glance, is obscene or salacious or a crime comic. But a great many publications and books appear on the shelves of a vendor and unless he was prepared to read the entire book from cover to cover, in fact, even after having read the book, he might find it very difficult to decide whether or not the book was salacious in its effect.

The book to which the hon. member for Macleod referred had one offending paragraph. Does one offending paragraph make the book undesirable? This opens up a tremendous field so far as the vendor is

concerned. I should like to reiterate what the hon. member for Dauphin has pointed out. The amendment is not going to absolve vendors who knowingly place on their shelves for sale material which they know or have every reason to know offends against this section, but it does protect the vendor who unknowingly places books on his shelves, perhaps because of the fact he has not had time to read the material in its entirety, from being subject to a charge.

Amendment (Mr. Zaplitny) negatived.

Clause agreed to.

Clauses 151 to 153 inclusive agreed to.

The Deputy Chairman: The next group of clauses is under the general heading "defamatory libel" and commences with clause 247.

Clause 247 agreed to.

On clause 248—*Definition.*

Mr. Nesbitt: There is a question I should like to ask the minister which I think may clear up the matter very quickly as far as I am concerned. In the city of Toronto, as the minister is no doubt well aware in his capacity as Minister of Justice, certain weekly publications are issued which deal almost exclusively and substantially in lurid crimes, sex offences and that kind of thing. It is quite clear of course that if the material in these periodicals contravenes this section so far as any particular person is concerned a prosecution can be instituted. However, very unusual situations may arise. I know of at least one occasion, and I am quite sure it has occurred fairly often. Apparently many of the articles and stories purporting to be news in these weekly publications are not news at all. They are fictitious, although they appear to be news.

I realize there are other sections of the code dealing with the publication and spreading of false news but the matter of defamatory libel does enter into the picture. Fairly recently an article was published as a news item in one of these weekly publications which referred to a person in the city of Woodstock. It was stated that this person had been convicted of having improper relations with his secretary. As a matter of fact, it stated that he had been tried and convicted. It so happened that the person referred to in the article was non-existent. In addition, no such case had ever been heard in the city of Woodstock in the previous forty years.

Nevertheless, by pure accident a quite prominent and highly respected businessman in the town happened to have similar initials plus the same last name as the person referred to in the fictitious news article. He was caused a great deal of embarrassment, possible loss of business and everything else. I should like to ask the minister whether, in his opinion, this section would cover such a situation. I see that it says:

> A defamatory libel is matter published, without lawful justification or excuse, that is likely to injure the reputation of any person . . .

What I am particularly curious about is whether the term "any person" would include anybody who happened to be embarrassed by such publication in view of the fact that further on in the definition of defamatory libel it says:

> . . . or that is designed to insult the person of or concerning whom it is published.

In other words, does this particular section of the code envisage that the publisher must have some particular person in mind when he makes the publication or does it envisage that if the publisher happens to hit someone of whom the publisher knew nothing a prosecution for defamatory libel could be instituted?

Mr. Garson: Mr. Chairman, this is a point of order that I think I probably should have raised earlier in the proceedings. As Minister of Justice my responsibility is to advise the various departments of the government in matters of law but never the House of Commons or its members. I am afraid if I were to rest upon that point of order in piloting a bill of this sort through the house I would hold up proceedings unduly, and that is why I have not done so. But one would think—this is not an opinion because, as my hon. friend who is himself a lawyer knows, I would have to give the matter much more mature consideration than I have had time to do now—from a reading of section 248 as applied to the facts which he has stated, providing they could be proven, there might be defamatory libel which is defined as "matter published, without lawful justification or excuse, that is likely to injure the reputation of any person." It is any person at all, and in this particular case, through the unhappy coincidence of the man whose name had been published in this sort of scandal mongering type of magazine, I suppose, is it—was that the type of magazine?

Mr. Nesbitt: One of those weekly periodicals in Toronto.

Mr. Garson: That is right. He happened to live in the same town designated, have the same name and the same initials, and I should think the accused would have a very interesting time indeed proving that he did

not intend to prejudice that man by merely pleading the coincidence of the two names being identical.

Mr. Nesbitt: Excuse me; in this particular case the initials were not exactly identical. They were almost identical and the impression created with the public was that it was that person.

Mr. Garson: I took that to be the case. But what I would think would be a more serious difficulty in his invoking this particular provision is the essential difference between ordinary libel, which is the foundation for a civil action in damages on the one hand, and on the other hand the defamatory libel under the code which we are discussing. If my hon. friend will refer to Tremeear, fifth edition, page 372, he will find this:

> The essential difference between civil and criminal libel is not in the matter published, but in its tendency. "It is the policy of the law to leave the care of men's reputations to themselves, and no damage therefore done simply to the reputation of anyone by an individual is foundation for a criminal prosecution. There are two remedies for the wrong caused by a libel; one, where the offence is of a public nature as tending to a breach of peace, by indictment, and the other, when the injury is of a private nature, and merely causes damage to the libelled party, by action.

In this case, if the question ever arose as to its applying to this one man, and his reputation was in fact injured, offhand I should think he might have to seek his recourse by a civil action for damages.

Clause agreed to.

Clause 253 agreed to.

On clause 163—*Offensive volatile substance.*

Mr. Diefenbaker: Mr. Chairman, this clause was dealt with at some length when the matter originally came before the committee. I wish now to deal with it for only a few moments.

On the last occasion the matter was under discussion I referred to the very serious situation in the town of Battleford, to which reference has been made on a number of occasions by the hon. member for The Battlefords, and in the city of Prince Albert where, since November 7 last, the people have been unable to drink water from the Saskatchewan river because of pollution caused through the dumping into the river at Edmonton by the Canadian Chemical Company of certain chemical substances in the effluent from their industry at that point.

I am not here to discuss the responsibility of the federal or provincial authorities, or to criticize either of them for its lack of action. But assuredly the people in Prince Albert and in Battleford as well as in The Pas, Manitoba, to a lesser degree, have been most critical of a situation that has placed them in a position where they have been unable to drink the waters of a river as important to the domestic and industrial uses in the western provinces as is the North Saskatchewan river.

For a considerable period of time the serious question before both the federal and provincial authorities was, first, to have an analysis of the waters, and then to determine the responsibility of one or other industries in respect of the condition of affairs prevailing in the cities and towns I have mentioned.

Finally, as a result of a co-operative effort between federal and provincial authorities an analysis was made of the water, and it was found to have a taste that would prevent any human being from consuming it—unless that human were equipped, as were the locomotive boilers at Prince Albert, the flues of which were de-scaled by the use of this water without any further treatment. In short, the situation was nothing less than terrible.

The analysis showed that the water has in it formaldehyde, methanol and acetaldehyde, all of which suggested that the river was being contaminated by waste from a plant which produced pentaerythritol. Full analysis was made, and it was found finally that Canadian Chemical Company was responsible. There is no desire to have legislation brought in that in any way is retroactive in effect. At no time was there a suggestion to that effect. But it does seem passing strange that under the law as it now exists counsel advising the corporations I have mentioned have concluded that there is no right of action under the Criminal Code as at present worded.

The city of Prince Albert and the town of Battleford, as well as other municipal corporations, have petitioned the government to make provision against the continuance of a situation similar to that, consequent upon the contamination of water necessary for domestic and industrial uses. They have asked for an amendment to the Criminal Code.

The federal government has taken the constitutional position that despite the fact that the Saskatchewan river traverses more than two provinces, the responsibility is a provincial one. It has been pointed out before that there is very little a province can do to punish contamination without the assistance of the government in the province in which the contamination arises.

The government of Alberta has given considerable co-operation and has secured from Canadian Chemicals Limited a promise that the practice heretofore followed will

not be continued. The chemical corporation has stopped the course it was following of dumping the effluent into the river. Not only have the various municipalities asked that action be taken, but I am informed that the municipal associations in Saskatchewan have indicated the impossibility of that province doing anything to protect its citizens under the law as it now stands. For, after all, any action that could be taken must be in Alberta.

They have asked for an amendment to the Criminal Code so that certain punishment will follow a repetition of the circumstances in this instance, and for the provision of a law to protect other parts of this country from pollution, which is becoming a problem in almost every province. Pollution of rivers flowing from one province to another is today an offence without adequate punishment and, indeed, without any machinery under the law for the punishment of the wrongdoers.

The home and school association in Prince Albert, with the support of similar organizations in other provinces, has sent in a resolution. The one from Prince Albert is an emergency appeal to all home and school associations, and is signed by Joseph Johnson, president, and Mrs. A. E. Rawlinson, secretary, in the following words:

> We believe that all possible avenues must be explored by municipal, provincial and federal governments, in order to prevent, by adequate legislative action and strict and impartial enforcement of same, any similar situation arising in future within our land.

That would seem to be a reasonable request. The council of the city of Prince Albert, through the health committee of that council, of which the chairman is Alderman Marion Sherman, called upon the federal government to introduce an amendment to the Criminal Code making the discharge of chemicals into an interprovincial river an offence.

I am not going to recapitulate what I said previously, but it is a matter of interest that this condition of affairs has continued for five months. Fifty thousand people have been placed in a position where they have had to secure water supplies from wells, springs, and indeed from other rivers adjacent to the municipalities in question. It was because the law provided for no punishment and no offence that when the Criminal Code, clause 163, was before the committee on an earlier occasion I suggested that the clause might be amended. Since then on a number of occasions I have asked the government whether it proposed to take action to amend the Fisheries Act to make it an offence under the particular circumstances. Interest was shown in the question when it began to be apparent that the fish in the river were being destroyed, but action has not yet been taken.

In so far as the Criminal Code is concerned, I asked on one occasion whether the government had given consideration to an amendment to make it an offence to dump deleterious substance into streams upon which people depend for water for domestic and industrial purposes. The answer was that the matter was receiving consideration and that in due course the government policy would be announced. There is no way in which the municipalities in Saskatchewan can meet the problem themselves. The city of Prince Albert has tried to treat the water chemically, but after all formaldehyde may be all right as an embalming fluid, but it is not very good for human beings while still living. They ask for action. People asked for action on the part of the city, but nothing that could be done, according to chemists, would rid the water of the chemicals to which I have made reference, and in particular the formaldehyde and the acetates.

Historically the prevention of pollution under law is founded upon the principle that only bacteria-carrying agencies in the water gave rise to any action. This is not a problem peculiar to Saskatchewan, Manitoba, and Alberta. It is becoming a problem everywhere in this country, but it has been brought to a head there. If I could transmit to hon. members the feelings of the people affected by what they have passed through during the past five months in the areas of Prince Albert, Battleford and surrounding areas, the language that I would use would be ruled out as unparliamentary almost before I started to detail what people have said. They are aroused as I have never seen them aroused. They are not asking for an amendment to the Criminal Code to cover what happened in the past.

Today with that optimism that he reveals on all occasions, the Minister of National Health and Welfare stated that a week or so from now conditions would be so materially improved in Prince Albert—

Mr. Martin: He hoped.

Mr. Diefenbaker: —that the immediate cause for complaint would be removed. Well, as I read the file that was brought down in the house in sessional paper No. 190-A on Monday, March 8, I find there, sir, that spirit of optimism, that assured hope that all is well, has not been uncharacteristic of the minister since he first undertook to give assistance, with his officials, to the solution of this problem, and that goes back to January 8 last.

What we are asking for is that conduct such as characterized the industry in question will become an offence under the law. As I said a moment ago, the province of Saskatchewan can take no action with respect to the pollution of a stream or river when that pollution takes place in another province. I therefore wish to suggest an amendment to the minister. He has submitted the matter to his law officers and he may have one that is more effective than the one I have in mind. As a tentative amendment to be considered by the committee I wish to move as follows. I will first read material portions of the clause and then I will place before you, sir, the amendment.

Mr. Garson: Which clause?

Mr. Diefenbaker: Clause 163:

Every one other than a peace officer engaged in the discharge of his duty who has in his possession in a public place—

Now, we come to the material parts:

—or who deposits, throws or injects or causes to be deposited, thrown or injected in, into or near any place,

(a) an offensive volatile substance that is likely to alarm, inconvenience, discommode or cause discomfort to any person.—

And so on:

—is guilty of an offence.

I said a moment ago that that clause does not cover the situation because the substances which are being poured into the river do not come within the ambit of the word "volatile". I therefore suggest, sir, that after the word "place" in line 36 the words:

or in any river or stream whose waters are used for domestic or industrial purposes—

—be inserted, and after the word "substance" in subclause (a) the following words be added:

or any chemical or synthetic chemical or any other substance.

The effective portion of the section in so far as the pertinent facts of this question are concerned would then read:

Every one . . . who deposits, throws or injects or causes to be deposited, thrown or injected in, into or near any place, or in any river or stream whose waters are used for domestic or industrial purposes,

(a) an offensive volatile substance or any chemical or synthetic chemical or any other substance that is likely to alarm, inconvenience, discommode or cause discomfort to any person

And so forth:

—is guilty of an offence punishable on summary conviction.

And so on. That is the submission I make. I feel that the minister might want to go farther or there might be a suggestion that the matter should be proceeded with by way of indictment. Such an alteration might be made in the section. However, the purport of the amendment that I wish to place before the committee is incorporated in the words that I have just placed before the committee. I bespeak the co-operation of members in all parts of the house to assist us so that power will be placed in the hands of the people, where it belongs, to resist the action of any corporation or individual who, for its own ends, interferes with or destroys the use of our rivers and streams. Unless this problem of the pollution of streams upon which human beings depend for their water supply is met, this water supply will be endangered more and more as the years go by and these chemical industries are being established, particularly within the western provinces.

Mr. Garson: Has my hon. friend copies of his amendment?

Mr. Diefenbaker: Yes.

Mr. Campbell: I have a great deal of sympathy for the amendment that has been moved. I am not particularly interested in what kind of legislation is to be put on the statute books, provided it does the job. After the Minister of National Health and Welfare made his report to the house some time ago, I wrote to the people in my constituency and to the people of North Battleford, sending them copies of the report and asking them if they felt that was sufficient or did they wish me to continue trying to have something done by way of the Criminal Code. All the answers I received, from practically the same organizations as those mentioned by the hon. member for Prince Albert, the city councils, boards of trade, home and school organizations as well as individual farmers, asked me to try to get legislation passed that would prevent this sort of thing happening in the future. The individual farmers were affected because their cattle would not drink the river water.

I want to say a word about the set-up in Edmonton. I thought the hon. member for Prince Albert was rather mild in what he said along that line. Here we have an industry that commenced operation last September. It is a wealthy organization and requires the best chemists in the land in order to produce this material. Why did the company select Edmonton as a site? These people are rather astute and they have hired the best brains available. They said, here is the river which flows for two hundred miles without passing any city. We could set up our factory here and empty the kind of chemicals we want into this river and probably by the time the

river flows past the first town these objectionable odours will have disappeared.

In addition to that, there is no federal law which will give protection to the people residing within the first two hundred mile area. There is a law in Alberta, it is true, that says orders can be given to stop dumping chemicals or waste into the rivers if they cause pollution. It seems to me that is taking action after the crime has taken place. So far as I can ascertain there is no law in Alberta requiring a company to obtain permission before dumping chemical wastes into the river. I have been writing back and forth attempting to get as much information and advice as possible about this problem. I believe that we need a provision in the Criminal Code concerning the pollution of our rivers.

Another suggestion which I believe has merit is that the federal department of health should have jurisdiction over these interprovincial rivers for the purpose of preventing the pollution of the water. I believe that is what we need. We need the federal department of health to decide whether or not they are going to permit these chemical plants to dump waste material in a certain manner. These chemical plants should give an undertaking before they can get a permit to set up the plants.

The Deputy Chairman: I am sorry to have to interrupt the hon. member, but it is five o'clock. The house will proceed with the consideration of private and public bills.

PRIVATE BILLS

CONSIDERED IN COMMITTEE—THIRD READINGS

Bill No. 169, respecting Victorian Order of Nurses for Canada.—Mr. McIlraith.

Bill No. 340, respecting Canadian Nurses' Association.—Mr. Stick.

NORTH AMERICAN BAPTISTS INC., (CANADA)

The house in committee on Bill No. 378, to incorporate North American Baptists Inc., (Canada)—Mr. James—Mr. Applewhaite in the chair.

On clause 1—*Incorporation.*

Mr. Knowles: Mr. Chairman, there is just one question which I am prompted to ask by the manner in which Your Honour read the title of this bill. It seems to me you read the title in the form in which it should be printed, for in this house we are used to things being spelled out.

The Deputy Chairman: I do not quite understand the hon. gentleman.

[Mr. Campbell.]

Mr. Knowles: I am asking if it would not be more proper to have "Inc." spelled out.

Clause agreed to.

Clauses 2 to 18 inclusive agreed to.

Preamble agreed to.

Title agreed to.

Bill reported, read the third time and passed.

CONSIDERED IN COMMITTEE

The Deputy Chairman: There are a number of divorce bills which might well be taken together.

Mr. Knowles: Mr. Chairman, I suggest that today you might follow the correct procedure and call these bills one at a time. I am not suggesting there is going to be discussion on all of these bills, but I believe some of them have been the subject of contention when before the committee on miscellaneous private bills and there may be members of the committee who will wish to say something on some of these bills. Perhaps you might call them one at a time, Mr. Chairman.

Bill No. 298, for the relief of Alfred Rubens.—Mr. Hunter.

Bill No. 299, for the relief of Clara Stein Rosenberg.—Mr. Hunter.

Bill No. 301, for the relief of Lilli Schwab Barber.—Mr. Hunter.

Bill No. 302, for the relief of Laura Fanny Hoddinott Peckford.—Mr. Hunter.

Bill No. 304, for the relief of Natalie Wynohradnyk Wolcovitch.—Mr. Hunter.

Bill No. 305, for the relief of Joan Bechard Tutty Copeland.—Mr. Hunter.

Bill No. 306, for the relief of Georgette Mertens Herscovitch.—Mr. Hunter.

Bill No. 307, for the relief of Mary Veronica Carmichael Mosher.—Mr. Hunter.

Bill No. 308, for the relief of George Thomas LeGrow.—Mr. Hunter.

Bill No. 309, for the relief of Marie-Reine Roy Laflamme.—Mr. Hunter.

Bill No. 310, for the relief of Gabrielle Gagne Nantel.—Mr. Hunter.

Bill No. 311, for the relief of Velma Mackland Giles Boyer.—Mr. Hunter.

Bill No. 314, for the relief of John Wright Sinclair.—Mr. Hunter.

Bill No. 315, for the relief of Florence Jean Moffatt Tucker Johnston.—Mr. Hunter.

Bill No. 316, for the relief of Margaret Hilda Popper Parker.—Mr. Hunter.

Bill No. 317, for the relief of Cecil Alfred Ellis.—Mr. Hunter.

Bill No. 318, for the relief of Robert Jackson.—Mr. Hunter.

Bill No. 319, for the relief of Madeleine Marguerite Faure Eden.—Mr. Hunter.

Bill No. 320, for the relief of William James Cutler McKillop.—Mr. Hunter.

Bill No. 321, for the relief of Agnes Mary Kelly Winters.—Mr. Hunter.

Bill No. 322, for the relief of Florence Elizabeth Hough Topp.—Mr. Hunter.

Bill No. 323, for the relief of Roch Cote.—Mr. Hunter.

Bill No. 324, for the relief of Domina Emerius Lefebvre.—Mr. Hunter.

Bill No. 329, for the relief of Donald Clarke Allen.—Mr. Hunter.

Bill No. 330, for the relief of Jean Albert Raymond Rasson Desloover.—Mr. Hunter.

Bill No. 331, for the relief of Hazel Helena King Featherston.—Mr. Hunter.

Bill No. 332, for the relief of Jessie Ruby Dawe Greenslade.—Mr. Hunter.

Bill No. 334, for the relief of Jean Nelson Williams Blampied.—Mr. Hunter.

Bill No. 336, for the relief of Margaret Ann Eddie Casselman.—Mr. Hunter.

Bill No. 337, for the relief of Marcel Prud'homme.—Mr. Hunter.

Bill No. 341, for the relief of Michele Grignon Ferguson.—Mr. Hunter.

Bill No. 342, for the relief of Emile Groulx.—Mr. Hunter.

Bill No. 343, for the relief of Doreen Jeannette Yvonne Sarah Mary Dorothy Sibley Cowans.—Mr. Hunter.

Bill No. 344, for the relief of Muriel Spencer Campbell.—Mr. Hunter.

Bill No. 345, for the relief of Yetta Frumkin Binder.—Mr. Hunter.

Bill No. 346, for the relief of Vera Mary Drummond Stafford.—Mr. Hunter.

Bill No. 347, for the relief of Alice Beatrice Cutler Murdoch.—Mr. Hunter.

Bill No. 348, for the relief of Maartje Stelling McLachlan.—Mr. Hunter.

Bill No. 349, for the relief of Wilfred Roy Fricker.—Mr. Hunter.

Bill No. 350, for the relief of Dorothy Adelaide Jorbahn Rosburg.—Mr. Hunter.

Bill No. 351, for the relief of Joseph Bernard Bertrand.—Mr. Hunter.

Bill No. 352, for the relief of Ann McKinnon Archibald Barnes.—Mr. Hunter.

Bill No. 353, for the relief of Joseph Gerard Arthur Valmore Tremblay.—Mr. Hunter.

Bill No. 355, for the relief of Marie Jeannette Lucille Catherine Clement Cantin.—Mr. Hunter.

Bill No. 356, for the relief of Pauline Prussick Astrof.—Mr. Hunter.

Bill No. 357, for the relief of Martha Betty Schenck Clarke.—Mr. Hunter.

Bill No. 358, for the relief of Felice D'Abate.—Mr. Hunter.

Bill No. 359, for the relief of Olga Korim Falardeau.—Mr. Hunter.

Bill No. 360, for the relief of Harold Robertson Mann.—Mr. Hunter.

Bill No. 361, for the relief of Sophie Rosenberg Rosenberg.—Mr. Hunter.

Bill No. 362, for the relief of Frederica Priesel Barrett.—Mr. Hunter.

Bill No. 363, for the relief of Jean Bertha Thomson Lanthier.—Mr. Hunter.

Bill No. 364, for the relief of Roger Tremblay.—Mr. Hunter.

Bill No. 365, for the relief of Adelaide Nina Hall Lanktree.—Mr. Hunter.

Bill No. 366, for the relief of Fernande Gilberte Andrea Leclair Daoust.—Mr. Hunter.

Bill No. 367, for the relief of Diana Barbara Boone Guinness.—Mr. Hunter.

Bill No. 368, for the relief of Clara Sperber Meilen Fink.—Mr. Hunter.

Bill No. 369, for the relief of Maria Assunta Pilozzi Raspa.—Mr. Hunter.

Bill No. 370, for the relief of Robert James Cooper.—Mr. Hunter.

Bill No. 371, for the relief of Diana Frances Nash Milmine.—Mr. Hunter.

Bill No. 372, for the relief of Ross Willis Garrow.—Mr. Hunter.

BIRDIE GLADYS SCHWARZ BARD YUDELSON

The house in committee on Bill No. 300, an act for the relief of Birdie Gladys Schwarz Bard Yudelson—Mr. Hunter—Mr. Applewhaite in the chair.

On clause 1—*Marriage dissolved.*

Mr. Knowles: Mr. Chairman, before clause 1 of this bill is carried there are just a few words I should like to say which apply to this bill and may apply to others. I mention this one because I happen to have the evidence at hand, although I have not taken the time to read it through. There are certain characteristics about this bill which seem to be on the increase. There used to be a measure of originality and some difference amongst these various divorce cases

and the evidence that came into our hands but more and more there seems to be a great deal of similarity about them. The same investigators or detectives appear in the evidence in connection with this case as appear in connection with the evidence in many other cases. They give the same type of evidence and it seems to me, Mr. Chairman, without singling out this particular case, that parliament is being made to look rather silly in this whole process. I do not wish to say more because as you know, the matter is on the agenda of Mr. Speaker's committee on the rules and procedure of this house and that committee has not yet reached the stage of discussing this matter. Nevertheless, I think it should be pointed out that we are being asked to carry on a process which amounts to rubber-stamping cases such as the one before us.

Clause agreed to.

Clause 2 agreed to.

Preamble agreed to.

Title agreed to.

Bill reported.

MICHAEL SAMULACK

The house in committee on Bill No. 303, an act for the relief of Michael Samulack —Mr. Hunter—Mr. Applewhaite in the chair.

On clause 1—*Marriage dissolved.*

Mr. Knowles: Mr. Chairman, I do not know whether any of my colleagues wish to speak on this bill at this time or whether they prefer to leave it for discussion at the third reading stage. This is a case which, I understand, was contested, and I believe the case was heard rather fully in committee.

Clause agreed to.

Clause 2 agreed to.

Preamble agreed to.

Title agreed to.

Bill reported.

BESSIE KATZ ELMAN

The house in committee on Bill No. 312, an act for the relief of Bessie Katz Elman —Mr. Hunter—Mr. Applewhaite in the chair.

On clause 1—*Marriage dissolved.*

Mr. Castleden: Mr. Chairman, before we go any further I would like to know from the chairman of the committee whether the evidence heard by the Senate committee was in the hands of the special committee of the house. If the chairman of the committee is in the house probably he could give us that information.

Mr. Harris: I think it is obvious that the chairman of a private bills committee would not be in the house. If my hon. friend wishes to make a point of it we shall have to allow this particular bill to stand.

Mr. Castleden: I would like this bill to stand until the chairman of the committee can be in the house to give that information.

Clause stands.

Progress reported.

LUCIEN L'ESPERANCE, JUNIOR

The house in committee on Bill No. 327, for the relief of Lucien L'Esperance, junior —Mr. Hunter—Mr. Applewhaite in the chair.

On section 1—*Marriage dissolved.*

Mr. Regier: Mr. Chairman, I should like to say a few words on this particular bill. I might say that it is the first opportunity I have had to say anything on it, although I am a member of the miscellaneous private bills committee which passed this bill. I must plead guilty to having also agreed to the passage of this bill there without having looked over the contents of the bill or any of the material or evidence that was supplied with the bill. The reason I was in that position was that it was not until after the meeting of the committee that I received this communication in my mail. At the time I received it in the mail I was so greatly amazed at what was there revealed that I laid it aside and I asked a few other members to look it over. We intended to speak on this bill when it came up for second reading. This morning, in looking over my *Votes and Proceedings*, I suddenly realized that this bill had already had second reading and that I myself had been guilty of voting for this bill in the miscellaneous private bills committee. I just mention these matters, Mr. Chairman, because I feel that something ought to be placed on the record to show the summary manner in which we deal with some of these matters that vitally affect the lives of our Canadian citizens.

When we look into the story behind this divorce bill, we find a man who apparently is fairly well off financially and who has a wife who is in extremely poor health. They have not got along too well and he obtains, shall I say, a temporary separation from her. He employs various detective agencies; and I say "various detective agencies" advisedly. He pays $300 to one detective agency to find some evidence for him. They report back that they are unable to do so. Then he hires

another firm and they also report their failure. I believe there is an indication that he hired several more firms and spent a good deal of money on this business of obtaining evidence.

Finally a man walked into his office to sell him life insurance. He asks the man, "How is the insurance business?" The man replies, "Oh, not so good." Then he goes on to relate to this insurance agent his own marital difficulties and the insurance agent volunteers to find the evidence that is so essential in this case. He agrees to pay the insurance agent—and this is all from the evidence—the sum of $750 and the expenses involved. Later on, another witness admits having received $250. A third witness claims that he did not receive anything. He could not very well admit having received anything because he was also the co-respondent that is named. Yet he turns up as a witness for the petitioner. They are a remarkable pair of unlicensed investigators who, in the course of thirteen days, I believe it is—it might have been fourteen days—find evidence on three different occasions that adultery has been committed.

Where licensed agencies have been working for a long period of time, for a considerable amount of money and are unable to show that the woman is other than a chaste woman these men, in the amazingly short time mentioned, turn up all this evidence. Also in the course of the evidence the co-respondent has a fist fight with one of the so-called investigators. However, in appearing here in Ottawa he admits that he is now living in the same room with the man with whom he had the fist fight, and that he has wholly forgiven him. He says that the reason he has forgiven him is that he is a Bulgarian also, that there is therefore this natural feeling of kinship, and they are very sorry for having engaged in a fight with one another.

The lady is then called upon the stand and she tells her story. The co-respondent named became acquainted with her at a social evening. She has this back injury as a result of various factors, possibly. One may well have been the poor treatment she has received on the part of the husband. She cannot ride on the public transportation system and she always has to be taken to and from places in an automobile. This new acquaintance of hers is introduced to her as the fiancé of her very good girl friend. He happens to claim, at least, to live in much the same area of town as that in which she lives. When the evening ends, it is only natural that he offers to take her home. Whether natural or by design, at any rate she agrees to allow this fiancé of her good friend to take her home. Then this same thing happens on another occasion. According to her testimony the man makes a point of showing up at another function she is at and again has occasion to take her home.

On the third occasion when the man offers to take her home she agrees to permit him to take her home rather than impose upon others. I can well understand how people in that condition feel. They do not like to be telephoning their friends and relatives at all times of the day or evening and so on, and be forever asking them, "Will you take me home?" The evidence shows that the lady, despite her handicap, is making a supreme effort to mix in with the normal life of the community. Of the witnesses, these three men, two were hired at an amazing fee. I was seriously wondering whether we had raised our salary enough when I saw that fee, because I think our work is at least as important as that. However, these three men claimed that on each of these three occasions adultery was committed. Naturally they claimed it was done with the consent of the lady concerned.

She claims that on the first two occasions there was no adultery. She does have a story about the third occasion and she has some witnesses. One is a medical doctor. The case has all the appearances of either attempted rape or rape. The amazing thing is that while this is going on his elbow continues to rest on the horn until finally the other two witnesses show up and are able to identify the people concerned.

I may not be well informed about the night life of our cities. However, this continuous honking of the horn was not denied by the co-respondent, although he claimed it had been accidental. However, there is no serious cross-questioning. I was very sorry that we were not fully informed in the private bills committee because as a member of that committee I would have insisted on hearing the evidence over again. I think I have a right to demand that. However, because I knew nothing about the case I had to accept it in good faith. It indicates the summary manner in which $10,000 a year men handle such very serious matters.

I am not too familiar with the laws of the South American countries or with the laws of Spain, France and Italy, but I do know that in a goodly number of these countries they have divorce courts set up to handle these matters. My people elected me to help to legislate and not to act in a judicial capacity. Legislation is an entirely different matter.

When I see that a certain lady is suing her husband for divorce I admit, possibly like some of the rest of us, that I do not pay too much attention to it. However, I carefully read every case that comes to my notice where a husband is attempting to get a divorce. Incidentally, I have never received a copy of a divorce bill yet, and I am rather amazed that I was asked to vote without having had a copy of a bill.

To come back to the point, when a man sues for divorce he wants to be free of his wife. I am thinking of a certain possibility, although I am not going to say that it happened here. Suppose the woman obtains a separation agreement by order of a provincial court and the man is under obligation to pay the lady or the family $100 or $150 a month, whatever the case may be. I notice that such allowances are a little higher now than they used to be. It is a burden on the man that he originally assumed by virtue of the judgment of the court. He pays the money for a year or two and finally it begins to irk him. He becomes very annoyed and restless because of this heavy monthly obligation which ordinarily a married man assumes not only as a responsibility but as a pleasure, even though he howls when the lady comes around for more money.

What is his only way out? There is one possible way out and that is to hire people to obtain evidence, honestly or otherwise, take the case to Ottawa and possibly rely on the financial inability of the lady to fight back. It may also be that a desire not to incur undue publicity may cause the lady not to fight back. The result is that the man is able to obtain a divorce which indicates that the lady has been guilty of adultery. He can immediately reapply to the provincial court to be relieved of his monthly payment. I mention this because I found out afterwards with respect to one case that it was the monthly payment for the upkeep of a child that was irking the man so much, and he was going to get married again. I think he is getting married next week. By the way, his case has not yet been given royal assent. However, that is my information and I feel that it is reliable. The wife-to-be wants the youngster and, after all, it might not cost so much money and he would be completely relieved of any responsibility to the other woman.

The Deputy Chairman: Order. At this stage I think I should point out to the hon. member that we are in committee on one particular bill. I think he will agree with me that we have passed the stage where this bill can be used as a vehicle to discuss the handling of divorce legislation generally, and I think I should ask the hon. member to connect his remarks with the specific bill we are considering.

Mr. Regier: I have almost said what I wish to say on this point. I should only like to appeal to every hon. member to read the evidence in this particular case over the week end. I certainly hope that the bill will not be given third reading today. I do not think it deserves such summary treatment here. I think it deserves our attention, and if hon. members of this house will do that I believe that the bill will never receive the approval of the $10,000 a year men sitting in this chamber. In my opinion it is a case of a rich man attempting to get rid of a sick, helpless woman.

The Deputy Chairman: Shall the clause carry?

Mr. Coldwell: No. I think what should be done with this case is to refer it back to the committee for reconsideration when we get to third reading. Like the hon. member who has just spoken, I have not seen this bill before. I must say that as a rule—and I think this is true of most members—that with the tremendous volume of divorce bills coming before the house it is impossible to read the evidence whether or not you want to do so. But while the hon. member was speaking I have been looking over the evidence that has now been circulated, and I am inclined to agree with the hon. member that it looks as though this is a case which needs a very thorough review. The witnesses should be heard again by the committee.

If the circumstances of this case are such as evidently as far as I can see were proven to be so and the two men who allege that they saw the act committed were virtually called by the continual buzzing of the horn of the automobile, it looks to me, as the hon. gentleman says, that this was a case of attempted rape. I do not think there is any question about it from the admitted evidence.

An hon. Member: It was a frame-up.

Mr. Coldwell: How on earth this bill comes before us with evidence of this type behind it I do not know. I cannot understand how it got by the other place. I suppose that in the pressure of the hundreds of these bills going before the committee of the other place it went through.

Mr. Knowles: Over 400 this session.

Mr. Coldwell: Over 400 already this session. This business of dealing with divorce is a public scandal. This woman is a sick woman. She is a cripple. Her husband has been trying to get rid of her. He is a rich

man. He has got to pay alimony to the wife and the children by virtue of the order of the Quebec court, and it appears to me that this is a put-up job of rape or attempted rape and that the man is trying to get out of paying alimony to his wife. I think that this bill should not pass the house and that we should not have anything to do with it. It is too bad that a bill of this description should reach this committee stage before it can be reviewed. Imagine the standing committee having to pass on these bills! I am not criticizing members of the committee; I am not criticizing my hon. friend who has taken his seat. But here we have a case coming before this committee, and not one solitary member of it, probably, knew the evidence behind the bill. The thing is a public scandal, Mr. Speaker, and this case brings it before us very forcibly.

I say when we reach third reading of this bill we shall move that the bill be referred back to the committee so that we may make sure that justice shall be done in this particular case. But we are not going to accept this holus-bolus and go through with it in this manner. The thing is shocking, to me. As I say, I have not had time to read it all, but I am going to read it fully. I have just read some of it; and my impression is that it is scandalous.

Mr. Harris: Without in any way agreeing with the comments made by the last two speakers I suggest that the committee might be prepared to report the bill, without prejudice to what we might do in the future, and then we shall hold third reading for consideration, to do as my hon. friend suggests, move to send it back.

Mr. Coldwell: I say that is the only procedure that should be followed.

Mr. Fulton: I can say, without reflecting in any way upon the decision which may be reached by my hon. friends here on the spur of the moment, that I certainly would not agree to pass this bill. I would not propose to talk it out, or hold it up; but after what has been said, and in the absence of any evidence, and with the conclusions drawn by the hon. members who have spoken, I will certainly be compelled to vote against this bill.

I might say that I have several reasons which may perhaps occur to other hon. members. I have refrained heretofore from making speeches on this subject of divorce in the House of Commons, and I intend to follow that course. But I will consistently vote against this method of dealing with the matter, and I will most certainly vote against any bill on which a division may be called—and quite apart from any personal feeling in the matter. In the light of what has been said with respect to this particular case, I certainly feel compelled to vote against this particular bill.

Mr. Harris: One can understand my hon. friend's position. But he might also take into consideration the position of others who would accept the suggestion of the hon. member for Rosetown-Biggar that it would be better to have the matter considered again in committee, rather than to have any decision at this moment either for or against the bill. And that is the purpose I think both hon. members have in mind. Perhaps the hon. member for Kamloops would agree to that.

Mr. Fulton: I will be compelled to say, "on division", then.

Mr. Harris: All right, if that is the hon. member's wish.

Mr. Fulton: I am opposed to the bill; I wish to make that clear.

Mr. Harris: Then we can follow that procedure, without debating the merits of the bill further, until the committee have had a further chance to look at the evidence.

Mr. Hansell: Mr. Chairman, I have great regard for the minister's integrity, and I do not wish to appear to be suspicious in any way. But some of us have been fooled before. I recall that last session we were fooled right in the committee, and called back again to deal with a bill that was subsequently passed, in spite of the fact that it was turned down previously. It was brought back into the house. At that time, if we had desired to be vicious we could have talked it out, because it was the last day we were going to meet to consider private bills. We could have killed the bill that day.

The only reason I will agree with the procedure suggested is the promise of the minister that when it receives third reading—

Mr. Knowles: When it is called for third reading, you mean.

Mr. Hansell: —that when it is called for third reading we will have the support of the government in sending it back to the committee.

Mr. Harris: I thought I made that clear.

Mr. Coldwell: You did.

Mr. Hansell: All right. I might say this, then, that I am opposed to the bill. But perhaps I have to take some blame for letting this thing slip through the committee.

However I am in the same position as many others. We had a long list of bills. The names of the bills were on our order sheet, and we did not receive the evidence for this one. I supposed that we had received it. Therefore we let them go through.

At a previous committee meeting we had not received the evidence. Some of us protested; and I think it is reasonable to say we expected that protest would serve as notice at least that we were not going to countenance putting bills through the committee when we did not have the evidence.

I am inclined to think that perhaps somebody slipped something over on us on Wednesday by having these all in one block and knowing at the same time that there was at least one case the evidence of which we had not yet received. We will have to take the blame for not scrutinizing it more carefully. I do not cast any reflection upon the chairman of the committee, because he is conducting the committee very well. But there is another point to be kept in mind, and that is that the sponsor of the bill is not in the house—at least I do not see him. And I think he should be here when the bills are in committee. There may be questions we would wish to ask, and yet he is not here.

Now, with those few words, I am willing to be in league with other members of the private bills committee and accept the minister's word that it will be turned back to the committee.

Mr. Castleden: Mr. Chairman, I am pleased to be able to stand up here and voice my protest against this bill and the way the thing has been handled. I agree that the procedure suggested by the hon. member for Rosetown-Biggar will probably be the best one. I do recommend to the house however that it keep in mind that we are going to be called upon to vote upon this particular bill, and that this might serve as notice to other members to get the evidence in. When a vote is called we can rely upon the good judgment of hon. members to pass judgment, after they have heard the evidence, and to vote according to their judgment. If that is done, I think justice will be done, despite the fact, as someone said, that we are not supposed to sit here in judgment but that we sit in a legislative capacity.

The thing that surprises me, and that I think will come as a surprise to the whole House of Commons, is that the special committee which was set up by the House of Commons to deal with these bills, and dealt with them in that committee by numbers and names, found out after they had voted and passed upon this bill that they had not received the evidence in the mail. And it was not until after the committee had passed the bill and it was returned to the house that they got the evidence upon which they were supposed to base their judgment.

This is the kind of thing that casts reflection upon this house, and every member in it. And it lights up for public notice—and I hope the public will take notice of it—the slipshod manner in which this kind of thing is being done here. And it should be stopped.

In this case, when an application was made in the superior court in Montreal for a separation, that court, which is set up to pass judgment in such cases, thought so much of the evidence given by the wife defending herself that it awarded what they call interim alimony, and granted custody of the child to the mother. Now, when this man finds he is going to have to pay alimony, it would look to me, from the evidence, that he has come to this House of Commons in the hope that he could get a divorce through the house—or a considerable distance through it—without having the evidence presented to the committee.

That I think is wrong. It is a travesty. It is the kind of thing we have been objecting to for years, and we are going to continue to object to this kind of thing. When this kind of thing can happen then surely we have evidence that the whole set-up is wrong and that some different procedure is required in order that justice be done and that this type of thing is not continued. Every hon. member is responsible, if, as a result of the decision here, this man is granted a divorce. If he is granted a divorce then this crippled wife will be turned away by her well-to-do husband and left with the custody of the child and he will be relieved even of alimony. It is something that smells to high heaven.

The evidence proves, so far as I have read, that this man hired people to frame the woman. Everything connected with it stinks to high heaven. If that is justice, then we are wrong, our courts are wrong and this whole system is wrong. I do not intend to vote for it. I will vote against it now and I will vote against it at every opportunity that presents itself. The whole thing is a reflection on parliament. It is a reflection on the whole of Canada. Justice, if that is it, Mr. Chairman, should not be supported by this house.

Mr. Winch: I want to make my own position clear, because this is strictly on procedure. I do not know whether we have to get this out of committee in order to have it come up for third reading before we can send it back to the committee.

Mr. Harris: Yes.

Mr. Winch: That being so I want my position made clear, because after reading all this evidence from beginning to end, in no stage of the discussion can I support the bill for divorce which is now before us. I do not think I am at all backward or bashful, and I have an open mind in the reading of books. In all my life I have never read any evidence that is so despicable, so odious as the evidence that is contained in this case, and I personally received it only yesterday. Because I feel the situation is so terrible and the action of this man is so despicable, I have to vote against it in all stages. I am going to vote against it at this stage, since we are now in the committee of the whole.

The Deputy Chairman: Shall the clause carry?

Some hon. Members: No.

The Deputy Chairman: Those in favour of the clause carrying please say yea.

Some hon. Members: Yea.

The Deputy Chairman: Those against it, please say nay.

Some hon. Members: Nay.

The Deputy Chairman: In my opinion the yeas have it.

Mr. Harris: Mr. Chairman—

The Deputy Chairman: The question is on clause 1.

Mr. Harris: Mr. Chairman, I rise on a point of order. I am afraid I do not understand what my hon. friends are doing. I accepted the suggestion they made in good faith for the purpose of carrying out the suggestion made by the hon. member for Burnaby-Coquitlam and the hon. member for Rosetown-Biggar. I accepted that. Having accepted that I thought the matter would rest there. It is difficult enough to be leader of the house under any conditions, but if hon. members make suggestions and we accept them I should hope that they would live up to the offer they made. Now, I gather it is their purpose to defeat the bill by voting against the carrying of this clause. If that is the purpose, then let us understand each other. The offer that was made was accepted, but it is not now being carried out by those who made the offer. I am prepared under those conditions to deal with this bill in a different manner from that which is now being apparently followed.

Mr. Coldwell: May I say that the hon. member for Kamloops suggested he was against the bill and would vote against it. What the minister said is perfectly true. I am prepared to let the bill go through committee, and when it is called for third reading someone would move that it be referred back to the committee for further inquiry and investigation.

Mr. Harris: I undertook to do that.

Mr. Coldwell: But if a vote is called, I find myself in a very difficult position, because I cannot support the carrying of the bill at any stage. That is the predicament I find myself in. I am quite willing to go along with the minister, if that is the general agreement. If a vote is called, you can understand my position.

Mr. Harris: I am sure that if I were in my hon. friend's position my understanding would be that I would vote to carry it on the understanding that had been reached. He will have another opportunity to vote on the bill again when it comes back to this house. At that stage he can state his position as he will. If my hon. friend accepts that, when we vote on this, and if a majority vote in favour of it and the bill is carried as a decision, I hope he will understand that I will not then move on third reading to send it back to the committee as I have agreed to do.

Mr. Castleden: Perhaps we might let it stand on the understanding that it go back to the committee.

Mr. Harris: The only way you can do that, Mr. Chairman, is by this procedure of carrying the bill in this committee, then getting it up for third reading and then move to send it back to the committee.

Mr. Coldwell: That is what I would like.

Mr. Knowles: The committee could carry it on division.

Mr. MacInnis: Surely it is the end sought that we want in this case, namely, a new hearing. If to get a new hearing of the case involves anyone voting for the bill—I do not think that really involves that—he does not have to do anything. But if voting against the bill means that the bill will be carried, then everything that he wanted done is lost.

Mr. Harris: That is correct.

Mr. MacInnis: Surely we should go after that which we want in the way that we shall get it and not in the way to defeat what we want.

Mr. Philpott: Could we not all accomplish the purpose that we have in mind by carrying this stage on division on the distinct understanding that it is going to be referred back on third reading.

Mr. Hansell: May I have one word? The minister is right in this. We must not assume that when the committee carries this the house has carried it; it is only the committee that has carried it so that it can reach another stage. The house still has to carry it, and when it is called for third reading the minister, as he has agreed, will move that it be referred back to the private bills committee, and it will come back here again.

Mr. Coldwell: That is agreed.

The Deputy Chairman: Shall clause 1 carry?

Mr. Gauthier (Portneuf): On division.

Clause agreed to on division.

The Deputy Chairman: Shall clause 2 carry?

Mr. Fulton: On division.

Clause 2 agreed to on division.

Preamble agreed to.

Title agreed to.

Bill reported.

[*Later:*]

Mr. W. G. Weir (for Mr. Hunter) moved the third reading of Bill No. 327, for the relief of Lucien L'Esperance, junior.

The Acting Speaker (Mr. Applewhaite): Is it the pleasure of the house to adopt the motion?

Mr. Harris: No, I move, by way of amendment, that this bill be referred back to the standing committee on miscellaneous private bills.

Amendment agreed to.

CHARLES EDOUARD DUBOIS

The house in committee on Bill No. 328, for the relief of Charles Edouard Dubois—Mr. Hunter—Mr. Applewhaite in the chair.

On clause 1—*Marriage dissolved.*

Mr. Regier: As far as I know those of us who were objecting to the last bill and who had any objections to raise have raised them. I am just raising the possibility whether we could not save ourselves some work—

The Deputy Chairman: Is the committee agreed that the remaining bills shall be considered as one?

Mr. Coldwell: No. I think the procedure we are following is the correct one.

The Deputy Chairman: Shall the clause carry?

Mr. Gauthier (Portneuf): On division, and that applies to all these bills.

Clause agreed to.

Clause 2 agreed to.

Preamble agreed to.

Title agreed to.

Bill reported.

HORACE GERVAIS

The house in committee on Bill No. 335, for the relief of Horace Gervais—Mr. Hunter—Mr. Applewhaite in the chair.

Clauses 1 and 2 agreed to.

Preamble agreed to.

Title agreed to.

Mr. Castleden: Before the bill passes I should like to ask the members of the committee who were on the private bills committee whether the evidence connected with this bill was before them when they passed it.

Mr. Knight: In that connection the method followed by the miscellaneous private bills committee was just the usual one. The usual one is that all the bills are called together, and all the bills were passed except for the little annual speech that I make every year in that committee. So far as I know now, nobody knew whether we had the evidence of these bills or whether we did not. We simply followed the general procedure. There were some questions raised in the committee as to what our job was. One hon. member said, is this an appeal that we are considering against the decision of the Senate? The chairman said no, it is not an appeal against a decision of the Senate. Well then, what is it? Nobody knew what it was. For ten or fifteen minutes I spoke and protested against this general method of handling divorces. Then, as I say, the 15, 20 or 30 bills, whatever the number was, went through very quickly, just as you are doing today, sir. That was the end of the matter.

There were two protested cases, and those we gave fairly deliberate consideration. One of them we decided not to pass the preamble, and the result was the divorce was not granted. It is now removed from this list. That is a record of the procedure in that particular committee. The committee did not vary at all this year from what it had done in the past.

Mr. Castleden: We are glad to have that information, Mr. Chairman. It further confirms the information that we had and the evidence that we have before the house that these bills are being passed without members

knowing the evidence or being aware of the circumstances. I hope that will be ended.

Bill reported.

Mr. Weir (for Mr. Hunter) moved the third readings of Bills Nos. 298 to 311 inclusive, 314 to 324 inclusive, and 328 to 372 inclusive.

The Acting Speaker (Mr. Applewhaite): Is it agreed that these bills be now read a third time?

Mr. Knowles: Mr. Speaker, there is just one point, although perhaps it is highly technical. Just to keep it clear, when you listed those groups of numbers it sounds as though you included Bill No. 333, and since Bill No. 333 is not on the order paper I should like it to be clear that there is not some slip by means of which it gets passed.

Mr. Fleming: There are other gaps, too.

Mr. Knowles: There are other gaps, but Bill No. 333 happens to be a divorce bill that was defeated in the private bills committee.

The Acting Speaker (Mr. Applewhaite): Bill No. 333 does not appear on the order paper, so perhaps I should say except Bill No. 333.

Mr. Knowles: The divorce bills on the order paper except Bills Nos. 312 and 327.

The Acting Speaker (Mr. Applewhaite): It is agreed that these bills be read a third time?

An hon. Member: On division.

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

The Acting Speaker (Mr. Applewhaite): At eight o'clock the house will resume the business which was interrupted at five o'clock.

At six o'clock the house took recess.

AFTER RECESS

The house resumed at eight o'clock.

CRIMINAL CODE

The house resumed consideration in committee of Bill No. 7, respecting the criminal law—Mr. Garson—Mr. Applewhaite in the chair.

The Deputy Chairman: At five o'clock the committee was discussing clause 163 of the Criminal Code and the amendment moved by Mr. Diefenbaker.

Mr. Campbell: Mr. Chairman, when the committee was adjourned at five o'clock I was discussing the need for federal legislation which would give the federal government power to deal with the pollution of interprovincial rivers. On January 19, the hon. member for Prince Albert asked the Minister of National Health and Welfare a question. The minister replied as follows as reported at page 1234 of *Hansard*:

> My hon. friend was kind enough to give me notice of his question. He asks first of all what, pursuant to the inquiry made of my officers in my absence, was the situation resulting from communications made by the Department of National Health and Welfare to the appropriate departments of health of the provinces of Saskatchewan and Alberta. Contact has been made with the officers in the two departments of the two provinces. The facts of the matter have been ascertained.

This is what I want the committee to note.

> The responsibility for remedying the situation is recognized by both provinces as not coming within the competence of the federal government. Indeed, whether or not there was that acknowledgment I would have to submit that would have to be the situation as far as the federal government is concerned, for this is clearly a matter that does not come within the competence of the federal government.

As I emphasized in my remarks before the recess, the people in my constituency who are affected by this pollution have urged me to get this government to introduce legislation which would give them some protection. The Minister of National Health and Welfare said that the province of Alberta had the authority to deal with this matter and was fully capable of dealing with it. I wish to put section 12, chapter 53 of the Alberta public health act on record. The act states:

> The provincial board shall have the general supervision of all springs, wells, ponds, lakes, streams or rivers used as a source of a public water supply, or for agricultural, domestic or industrial purposes with reference to their purity, together with the waters feeding the same, and shall examine the same from time to time when the necessity for such examination arises, and inquire what, if any, pollution exists and the causes thereof.

They only have to examine the water when the necessity for examination arises and inquire what, if any, pollution exists and the causes thereof. The act continues:

> The provincial board may inquire into and hear and determine any complaint made by or on behalf of a riparian proprietor entitled to the use of water, that any industrial waste or any other polluting material of any kind whatsoever, which either by itself or in connection with other matter may corrupt or impair the quality of the water or may render such water unfit for accustomed or ordinary use, has been placed in or discharged into such water, or placed or deposited upon the ice thereof, or placed or suffered to remain upon the bank or shore thereof. The provincial board may make a report to the minister upon such complaint and as to what remedial measures, if any, are required in respect to any alleged injury or invasion of right as it may deem just.
>
> Where the report of the provincial board recommends the removal or degree of treatment of any such polluting material, any riparian proprietor interested or the minister may apply to a judge of the supreme court or to a district court judge

by way of originating notice according to the practice of the court, for an order for the removal or abatement of the injury in terms of the report of the provincial board and to restrain the proprietors of the industry from carrying on the same, or the proprietors or other offending party or parties from continuing the acts complained of until the injury or invasion of right has been abated to the satisfaction of the provincial board.

That is quite all right as far as it goes, but there is no penalty provided in the act after what I might call the crime has been committed. When the board issued an order to the Canadian Chemical Company to stop pouring certain elements into the river the company did what they could. They put up a temporary pipe and that pipe was used to divert certain elements for 24 hours, but after 24 hours the pipe was clogged with residue. What did they do? Did they shut the plant down? No, they turned it right back into the river again. I for one cannot understand why this company which knew of the distress which was being caused to 25,000 or 30,000 people did not close their plant down until they could erect a permanent take-off or pipeline. But instead of that they put the stuff back into the river and it was allowed to run into the river for another 36 hours.

The Prince Albert city council held a meeting a report of which is contained in the Saskatoon *Star-Phoenix* of March 16. Here is the report in part:

Our solicitors tell us that company officials worked frantically to clear the obstruction in the pipes last week. But they were not frantic enough to close the plant.

That is the Canadian Chemical Company.

I note, too, that a director of the plant, a Col. H. A. Eydt, expressed annoyance at the publicity given the re-pollution of the river.

I said earlier that the people in my constituency wanted this mess cleaned up. The hon. member for Prince Albert in his remarks stated he had never seen the people in that part of the country so worked up over anything as they are over this particular situation. I am not going to read the dozens of letters I have received, but I want to put two or three editorials on the record. These are newspaper editorials and have no particular political background. I have one here, the North Battleford *News-Optimist*. I am not going to read it all, but I will read the last part:

Whatever the truth may be one thing is certain.

And here I would like to make a correction. The minister has mentioned North Battleford in connection with pollution several times, but the city of North Battleford is not affected. The city of North Battleford is using well water. But the town of Battleford is affected. The editorial continues:

North Battleford is blessed with untainted water. What a blessing that is!

[Mr. Campbell.]

At Battleford, the Saskatchewan hospital, Prince Albert, and numerous other communities up and down the North Saskatchewan river, a real threat exists. The water smells . . . it tastes like varnish.

That any single industry should so pollute a nation's natural resource is a crime that should be punishable by the law of the land. We in North Battleford who fortunately have not suffered should, and we sure do support our brothers in their fight to have this menace dealt with by the government at Ottawa.

And then the Saskatoon *Star-Phoenix* had this to say:

It is true, no doubt, that the water pollution from which North Battleford and Prince Albert—

They are wrong again there. They say "North Battleford". It should be Battleford.

—are now suffering does not make the North Saskatchewan river any less navigable than usual. From this point of view, Mr. Chevrier's objection to Mr. Campbell's proposal to amend the Navigable Waters Protection Act to take account of the difficulty may have been justified. But the Minister of Transport did not argue on that basis alone. He seemed to be claiming that it would be unconstitutional for parliament to legislate at all with respect to a form of pollution which does not affect navigation or fisheries and may not be medically injurious to health.

We should like to see Mr. Chevrier's opinion tested in the courts, especially if investigation proves the theory that the pollution originates in Alberta.

And that theory has been proven.

For whatever the health implications, there is no doubt, we think, that the taste and smell of their domestic water are more than annoyances to the people of the two Saskatchewan cities. People just will not drink disagreeable water if they can help it; and because they will not North Battleford, Prince Albert and perhaps other communities along the river may suffer economically.

Then I have another editorial again from the North Battleford *News-Optimist* which reads as follows:

We sympathize with the residents of Battleford. Their water tastes like varnish and smells like . . ., well, it smells like varnish too. Some 3,400 residents of Battleford and the Saskatchewan hospital are presently suffering from the pollution of the North Saskatchewan river.

Fortunately, the people of the city of North Battleford are not affected. They derive their water from wells which have not yet been tainted.

It is unfortunate that governments act so slow. The government of Saskatchewan has not been able to deal effectively with the government of Alberta. It thus seems time that the senior government at Ottawa should step into the picture immediately and settle this issue. The pollution cannot be allowed to continue, for not only is it obnoxious to the taste and smell, but there is a new fear growing among members of the medical profession at Prince Albert that it is also injurious to our people's health.

The water of the great rivers belongs to all the people of Canada. We cannot afford at any time to allow industries to destroy it. The waters of the North Saskatchewan river are a resource which must be protected since it would not be possible for the thousands of people who depend upon it for water to live without it comfortably.

Then Godfrey Hudson whom all of the western members will know—he is one of Canada's noted news commentators—has this to say in a commentary he made on February 24:

The water in the rivers of this country belongs to the Canadian people. Yet a member of the federal cabinet has said that industries and communities from coast to coast have been polluting river water for years, and that the federal government has no jurisdiction over pollution. We think it is high time the federal government amended the constitution, if necessary, to get the power to control the dumping of wastes into rivers. The federal government has the power to control navigation in our rivers. If it is important enough for Ottawa to wield control over navigation, surely it is important enough for Ottawa to exercise control over something that affects the well-being of tens of thousands of Canadians.

We submit that the awful water that the people of Battleford, the patients and the staff of the Saskatchewan hospital at North Battleford, the residents of Prince Albert and the residents of The Pas, Manitoba, have had to drink in recent months has shown a glaring weakness in the present division of powers between the provinces and the federal government. There should be federal legislation establishing uniform control coast to coast over what can be dumped into rivers that are sources of drinking water. And any industry or municipal corporation that plans to dump waste into a river should have to get a federal health permit before getting a construction permit.

That is just what I was saying before supper. Most of what has been said has had to do with humans but we have fisheries legislation in Canada. What has happened to the fish in the North Saskatchewan river? Here is an article from the Saskatoon *Star-Phœnix* of March 16, from the Prince Albert correspondent:

"The chemical pollution of the North Saskatchewan river threatens to wipe out the fish population of the river," A. H. McDonald, director of the fisheries branch of the Saskatchewan department of natural resources, stated here Monday afternoon. A full report on the situation is to be made to the provincial government and federal department of fisheries.

At the same time, city council here, through its Edmonton solicitors, said it would take legal action against the Canadian Chemical Company at Edmonton, unless concrete assurances were given that no more polluting chemicals would be placed in the river by the company.

Then I am passing over and leaving out a portion of this article which continues further on as follows:

In his fisheries report, Mr. McDonald said tests conducted by his department during the last month had shown a "dangerously low oxygen content" of the water of the river and that the chemicals present appeared to be responsible. "We have noted increasing numbers of dead fish in the river, with a total of 130 dead fish being noted at one small open area near the city."

He said the situation was better downstream, after the junction of the north and south branches of the Saskatchewan river. However, at Cumberland House the fish, while alive, were unfit to eat because of an offensively oily taste, and residents had discontinued fishing.

Recent tests conducted at Prince Albert, when fish from the South Saskatchewan were kept in observation tanks at the power house here, showed that fish placed in a wire screen under the ice, died within an hour of being placed in the water.

The oxygen content of the river necessary for proper fish respiration varies from five to nine parts per million parts of water, Mr. McDonald said. "As far west as Frenchman Butte, the average oxygen content of the North Saskatchewan river is approximately one part per million," he said. "In comparison, the water of the South Saskatchewan at St. Louis averages 13 parts per million, which is good for the time of the year."

"Our biologists are of the opinion that few fish can survive the condition prevalent in the North Saskatchewan," Mr. McDonald said.

What does that mean? That means that it is almost certain that there is not a live fish in the North Saskatchewan river today. How many fish are in the river normally? I do not know. There are probably hundreds of thousands. What is going to happen now when the river has perhaps hundreds of thousands of dead fish in it? How is it going to affect the health of our people? Our people write me and tell me that they are now desperately afraid of a typhoid epidemic. There is a great deal more that I could say, but I do not want to take up any more of the time of the committee. However, I want to make this plea to the government. Our people are looking to this government across the way to bring in legislation that will definitely put a stop to this sort of thing. They are looking, not only to me and to the hon. member for Prince Albert to make a fight but to the other members from the province of Saskatchewan and to every member of the house who may possibly find himself and his constituency in the same position.

It can happen to other constituencies besides Prince Albert and The Battlefords. I appeal, I plead with the government of Canada to take remedial action first of all to bring in health laws which will prevent any industry from commencing business until such time as it has given assurance that it is not going to pollute our rivers. In the second place, we want legislation in the Criminal Code which will make it a crime for any industry to do what the Canadian Chemical Company did. They set up a mechanical monster that can do even greater and bigger things than Paul Bunyan and his blue ox. In the early days on the western plains people used to tell great stories about Paul Bunyan and his blue ox, about what the blue ox could do and what Paul Bunyan could do, but this mechanical monster can put its odours and stenches into every home in the city of Prince Albert, the town of Battleford and even into the provincial hospital.

Surely it is time that we did something to stop this. I want to hear from the Minister

of National Health and Welfare and I want to hear from the Minister of Justice and others. I suggested an amendment a couple of weeks ago. I do not want to try to amend the Criminal Code because I am not a lawyer. That is the job of the government across the way. That is the job that our people are looking to you to do. Let us hear what you will do about it.

Mr. Garson: Mr. Chairman, with the great and rapid growth of the petrochemical and other types of industry in the oil fields of northern Alberta I think we can all agree that the nation is faced with the problem of what to do with the river pollution which could be caused by such industries in northern Alberta unless something is done to prevent it. Western Canada is faced for the first time with a problem that has been common in eastern Canada, namely, how, under the pressure of industrial development, the rivers of the country can be put to the most advantageous use. I do not think there will be any argument as to the necessity of our facing up to the problem. Perhaps the only argument that will develop is as to the best methods of solving it.

I should like to examine the matter tonight from that standpoint, and to begin with an examination of the amendment moved by the hon. member for Prince Albert since that is the immediate question before us. Then, because I think that is not a satisfactory method, I should like to move on to suggest others which in my view would be much more satisfactory than the one he has suggested. First of all I should like to deal with some of the facts which he mentioned in his remarks. The first one is that he stated that the corporation in question had stopped the practice of discharging effluent into the river. As we will recall, on the last occasion on which we discussed this matter the problem was not quite that which we have tonight. The problem then was to find out what the facts were.

I suggested on that occasion that it would be impossible, no matter what clauses we had in the Criminal Code, to lay a charge against the guilty corporation until we knew what the facts were and knew which corporation was the guilty one. If my hon. friend will recall, I also suggested that I thought that when we found out what the facts were I would be very much surprised indeed if, when confronted with those facts, the corporation in question would not be quite willing to desist from the practice of discharging its effluent into the river without the necessity of any prosecution at all. It was very gratifying to have the hon. member for Prince Albert tell us this afternoon that

that is precisely what has happened, that when the facts were established and the company in question was confronted with them it did desist although, as the hon. member for The Battlefords suggested, there was a short period of time during which the arrangements it made to divert its effluent from the Saskatchewan river broke down.

The suggestion is now made that there is no offence in the code covering this act, and in due course I want to take issue with that statement. The hon. member for Prince Albert having alleged that there now is no offence covering the act of pollution suggests an amendment to provide such an offence. I should like to deal with his amendment. To begin with, I think the amendment is made to quite an inappropriate clause of the bill. It is made to section 163 which comes under the general heading of "Disturbing religious services". This section 163 in its present form is aimed at those who, as set out in the second subsection (b) of this section, throw a stink bomb or stench bomb or device from which any offensive volatile substance mentioned in paragraph (a) of the same section is or is capable of being liberated, and is likely to alarm, inconvenience, discommode or cause discomfort to any person or to cause damage to property.

I do not think that is an appropriate section to amend for the purpose of preventing the discharge of effluent into a river. But I am not stating that as a captious criticism because I will admit at once that if section 163 is not an appropriate section to amend it would be a very simple matter, once we had concluded that such an amendment was the proper method of dealing with the problem, to select a suitable section of the code or to create a new and suitable section to deal with this matter.

Mr. Diefenbaker: Right on that point I would point out to my hon. friend that the reference to disturbing religious services cannot apply to this group of sections in general because section 162 says:

> Every one who, without lawful excuse, the proof of which lies upon him, loiters or prowls at night upon the property of another person near a dwelling house situated on that property is guilty of an offence punishable on summary conviction.

That has nothing to do with church services at all. As a matter of fact the heading for this group of sections is not a correct designation.

Mr. Garson: If my hon. friend will look at the section that he is seeking to amend, he will see that the significant words in it read as follows:

> Every one other than a peace officer . . . who deposits, throws or injects or causes to be deposited, thrown or injected in, into or near any place,

(a) an offensive volatile substance that is likely to alarm, inconvenience, discommode or cause discomfort to any person or to cause damage to property, or

(b) a stink or stench bomb or device from which any substance mentioned in paragraph (a) is or is capable of being liberated . . .

It deals with stench bombs or the contents of stench bombs and their discharge in or near any place to the alarm, inconvenience or discomfort of the people there. As I say, I am not raising this as a captious criticism, because it is quite apparent that if we want to solve the problem of the use of the waters of the North Saskatchewan river by creating new crimes by an amendment to the criminal law—it is a very easy matter, if we do not adopt my hon. friend's amendment, to produce an amendment which would be more appropriate for that purpose.

But what I do suggest is this, that when my hon. friend says there is no offence in Bill No. 7 which covers this act, I would refer him to clause 165 which provides:

Every one who commits a common nuisance and thereby

(a) endangers the lives, safety or health of the public, or

(b) causes physical injury to any person

is guilty of an indictable offence and is liable to imprisonment for two years.

Now, the offence my hon. friend was proposing to create was an offence punishable upon summary conviction. It is true that when he moved his amendment he suggested it could be changed to be made punishable upon indictment. But until that change was made, the only penalty which could be imposed upon an accused corporation would be a fine of $1,000 which, I think, under the circumstances we have been considering, would not likely be an effective deterrent. The section dealing with a common nuisance, which I was reading, goes on to define a common nuisance in these terms:

For the purposes of this section, every one commits a common nuisance who does an unlawful act or fails to discharge a legal duty and thereby

(a) endangers the lives, safety, health, property or comfort of the public, or—

Mr. Diefenbaker: What is the unlawful act, or what is the legal duty?

Mr. Garson: The unlawful act, among other things, would be the breach of the statute which the hon. member for The Battlefords read a moment ago—by discharging the effluent into the river, in contravention of a statute of the province of Alberta or regulations passed thereunder. That would be an unlawful act beyond question, if we did not go on and deal with other aspects of the crime of a common nuisance and indicate that anything which was done in contravention of the public interest might, in itself, apart from being in contravention of the statute be regarded as an unlawful act.

Mr. Diefenbaker: Is that the legal opinion of the minister's law officers?

Mr. Garson: It is a statement I am making, and for which I am taking the responsibility.

Mr. Diefenbaker: The minister always says that he himself does not interpret the law, but that only the law officers do it.

Mr. Garson: I am making this speech, and I am responsible for it. And if my hon. friend wishes to contradict it he will have ample opportunity to do so. But I wish he would wait until I have finished before he interrupts to contradict it.

Mr. Diefenbaker: I am not contradicting; I was just asking a question, to see what foundation there was.

Mr. Garson: Now, the proposal is to create a new offence. For reasons I have stated, I do not think that this new offence which my hon. friend is proposing to create would be satisfactory for the purpose he has in mind because, among other things, he confines the substance he wishes to prohibit to offensive volatile substances, or any chemical or synthetic chemical, or any other substance.

Now, it is true that in the present case, as would appear from the facts, chemicals were put into the river. But surely if we are going to have a section here which will serve the purposes that have been urged upon us during the present discussion, we would have to have a definition of "substance" which would be broader than merely chemicals.

It is true that my hon. friend says "or any other substance" but he precedes that by the words "volatile substance or any chemical". And I think he will agree that under the *ejusdem generis* rule, if you have a general term following a number of particular terms, the general term is interpreted as being of the same genus or kind as the particular terms which in the amendment suggested by the hon. member for Prince Albert refer to chemicals only. This I suggest is not a satisfactory or adequate wording.

Again my hon. friend will say that this is just captious criticism; but I assure him it is not. And it is not captious for this reason, that if my hon. friend adopts a broad enough wording to really provide a solution to this problem, and we put such broad wording into the Criminal Code, which has to have general application to the Dominion of Canada from coast to coast, then I wonder what

would be the position of most of the municipalities and a large number of the industries, for example, on the Ottawa river and the St. Lawrence river system under this section which my hon. friend is proposing to move.

I do not think for one moment that my hon. friend's amendment provides a satisfactory solution to the problem of how we are to use for the purposes of the general public and the municipalities and industries of western Canada in an orderly way the waters of the South and North Saskatchewan rivers.

Mr. Campbell: Make it applicable to all of Canada, because we do not want pollution anywhere else in Canada, either.

Mr. Garson: I am trying to confine my remarks to the western problem we are discussing. I think the hon. member for The Battlefords is quite right in this, that if the solution which we provide for the North and South Saskatchewan rivers were to take the form of an amendment to the Criminal Code it would be a solution which would automatically have to be applied to all the other rivers in Canada. And in judging what we should do in that regard we must keep that point in mind.

For that reason we will find that if we are to draft a law of general application for Canada we are more severely restricted in the scope we can take in, because it has to be of general application, than we would be if we were providing a solution which was tailored to the requirements of the North Saskatchewan river alone. And that is another reason why I think the amendment to the Criminal Code is not an orderly solution to this question.

I suggest this—without going into any detail—because I am not a health engineer or a chemical engineer, and I do not know what one should include in a list of substances which were to be barred by the Criminal Code from the Saskatchewan river—but I suggest that if the list were wide enough to be of value then it would be so wide that if applied now to all the rivers in Canada in existing industrial areas it would cause substantial complications which I do not think the hon. member for Prince Albert has taken into account.

For that reason it seems to me that in line with the suggestion made by the hon. member for The Battlefords there is another method of a much more orderly character which would be preferable as a method of utilizing the waters of the Saskatchewan river so that they could be used by industries, within proper limits, and by the general public in western Canada, in a manner whereby they would both derive benefits and neither would suffer serious injury.

I think the solution is to be found in what has already been done by the international joint commission of the United States and Canada when they have addressed themselves to this subject under conditions of infinitely greater disadvantage than those which apply in connection with the Saskatchewan river. Because we are here dealing with the first signs of the problem of pollution in these western streams, whereas when the members of the international joint commission of the United States and Canada applied themselves to the question of the pollution of boundary waters between the United States and Canada, they had to come to grips with a problem that was already in an aggravated and advanced state.

How did they grapple with this problem? If my hon. friends are interested at all, they can find a reference to these points that I shall be making in the report of the international joint commission of the United States and Canada on the pollution of boundary waters published at Washington and Ottawa in 1951. I will not of course cover any large part of it for it is quite a lengthy document. But perhaps I might be permitted first of all to give an indication of what is covered in the heading of objectives of boundary waters quality control. The general objectives are these:

All wastes,—

And this will give the hon. member for Prince Albert some idea of how you would have to define effluent which you are prohibiting from the streams. I continue:

All wastes, including sanitary sewage, storm water and industrial effluents, shall be in such condition when discharged into any stream that they will not create conditions in the boundary waters which will adversely affect the use of those waters for the following purposes: source of domestic water supply or industrial water supply, navigation, fish and wildlife, bathing, recreation, agriculture and other riparian activities.

In general, they say, adverse conditions are caused by:

(A) Excessive bacterial, physical or chemical contamination.

(B) Unnatural deposits in the stream, interfering with navigation, fish and wildlife, bathing, recreation, or destructive aesthetic values.

(C) Toxic substances and materials imparting objectionable tastes and odours to waters used for domestic or industrial purposes.

I ask the hon. member for The Battlefords to see how closely this describes some of the things that he has been complaining about. I go on:

(D) Floating materials, including oils, grease, garbage, sewage solids, or other refuse.

Then it goes on to state in more specific terms the objectives. They say:

Specific objectives

In more specific terms, adequate controls of pollution will necessitate the following objectives for:

(A) Sanitary sewage, storm water, and wastes from water craft

Sufficient treatment for adequate removal or reduction of solids, bacteria and chemical constituents which may interfere unreasonably with the use of these waters for purposes aforementioned. Adequate protection for these waters, except in certain specific instances influenced by local conditions, should be provided if the coliform M.P.M. median value does not exceed 2,400 per hundred ml. at any point in the waters following initial dilution.

Then they go on to deal with industrial wastes, first of all, under the heading:

Chemical wastes—phenolic type

I believe they are the ones that are involved in the Saskatchewan river. Then they go on to deal with chemical wastes other than phenolic. They deal with each one of these one by one, and deal specifically with the conditions in which the effluents must be at the time they are discharged into the river. Then they deal with highly toxic wastes, and with the problem that the hon. member for The Battlefords mentioned tonight, the deoxygenating of waters.

Then they provide for consultation with the various interests concerned. I am informed that far from there being any great amount of difficulty with industry in the carrying out of their objectives, they have found, certainly in several specific cases, the greatest amount of co-operation from the industries concerned. And why should there not be? The industries themselves with large investments have the strongest possible interests in seeing to it that the river upon which they, along with the other residents situate upon it, are dependent for supply of water, should be treated in an orderly and scientific manner.

I should like to read the recommendations of this report. They are not very long, and I think they will shed a good deal of light upon what we might expect from an orderly approach to the problem which we have been discussing. They are as follows:

(1) The commission recommends that the "objectives for boundary waters quality control" as set forth in this report be adopted by the two governments as the criteria to be met in maintaining boundary waters in satisfactory condition, as contemplated in that portion of Article IV of the boundary waters treaty of 1909 wherein it is stated: "It is further agreed that the waters herein defined as boundary waters and waters flowing across the boundary shall not be polluted on either side to the injury of health or property on the other."

(2) The commission recommends that the remedial measures already known to be necessary as described in the accompanying reports of the technical advisers be put into effect and that additional measures be undertaken as may prove to be necessary in the future to meet the recommended "objectives".

(3) As a procedure to insure accomplishment of the foregoing, the commission recommends that it be specifically authorized by the two governments to establish and maintain continuing supervision over boundary waters pollution through boards of control appointed by the commission. In carrying out this supervisory function, the commission shall notify those responsible for any pollution found objectionable in the light of the objectives recommended above and, in the event that assurance is not received that such pollution will be corrected in a reasonable time, shall make recommendations to the appropriate authority, having jurisdiction as to the further action deemed advisable.

Now, Mr. Chairman, I suggest that in the face of the problem which is posed by the opening of a great industrial expansion within the valleys, certainly of the North Saskatchewan river, that the only intelligent way to approach it is by this method and not by creating some new offence and haling people into police court and fining them, and when the case is closed, what then happens? Do they go and sin no more, or if they do, who is going to check them?

Mr. Diefenbaker: If they sin some more they are punished again.

Mr. Garson: Is the chief of police or the constable a person qualified to deal with a problem such as the one that has been mentioned, or should it not be dealt with by people who are trained in this sort of work and who know what they are talking about when they are dealing, for example, with the type of chemicals that are alleged to have caused this trouble in the North Saskatchewan river or with any other forms of river pollution?

My hon. friend might say, well, this is going to be very difficult because we will not be able to get together these western provincial governments, which, according to the arguments of both the hon. gentlemen who preceded me in this debate, apparently cannot come to an agreement in this matter. The argument is that by co-operation they cannot solve this problem, so therefore they must come down to the great white father, the federal government, and he is to force them all into position and make them agree and come to an intelligent solution of what is their common problem.

Mr. Diefenbaker: That is not the point at all.

Mr. Garson: I say that any statement or implication of that kind is quite unwarranted; and it can be proven to be quite unwarranted in terms of what has already been done in relation to the waters of the Saskatchewan river itself. At the present time there is in

existence the prairie waters control board set up by the governments of Alberta, Saskatchewan, Manitoba and Canada.

Mr. Diefenbaker: What are the powers of that board?

Mr. Garson: I was just about to read them when my hon. friend interjected. I was a little bit hesitant about boring the committee with this long statement of powers, but since my hon. friend provokes me I have the best excuse for doing so.

Mr. Diefenbaker: You are doing a marvellous job on that.

Mr. Garson: Their first task is this:

(a) to collate and analyse the data now available relating to the water and associated resources of interprovincial streams with respect to their utilization for irrigation, drainage, storage, power, industrial, municipal, navigation and other purposes;

(b) to determine what other data are required from time to time in order to reach decisions on questions referred to it and to make recommendations to the appropriate governmental organizations concerned for the carrying out of such field surveys, power investigations, soil surveys, establishment of gauging stations, economic studies relating to drainage and flood control and all similar work which the board considers necessary to supply information required for the proper performance of its duties;

(c) upon the request of any one of the three provinces or the dominion to recommend the allocation of the waters of any interprovincial stream among the respective provinces;

(d) to report on any questions relating to specific projects for the utilization or control of common river or lake systems at the request of one or more of the ministers or authorities charged with the administration of such river or lake systems.

Mr. Coldwell: May I ask the minister a question? Will he tell us how that covers pollution, because it seems to me if we follow his own argument the powers of the board relate to the water tables and there is nothing covering pollution.

Mr. Garson: My hon. friends are determined to anticipate my arguments, but I do not object to that. It shows they are at least paying attention to them.

Mr. Coldwell: Yes, I am paying close attention.

Mr. Garson: It does not cover pollution. It never purported to cover pollution. It was formed before the question of pollution had arisen and naturally it did not deal with something which did not exist.

The point I make, and I might put it in very brief form, is that this board has to do with what quantities of water will be let down from time to time and with the quantities which may be diverted, retained or expended in irrigation and the like.

Mr. Diefenbaker: But not the quantities polluted.

[Mr. Garson.]

Mr. Garson: Just give me a little time. I am going to come to pollution in a minute.

Mr. Knowles: You have to build the Saskatchewan dam first.

Mr. Garson: I suggest that just as this is the intelligent way to deal with the quantity of water which is to be in these interprovincial rivers, so the intelligent way of dealing with the quality of the water that is to be in these rivers is along the same lines. I believe the proper thing to do in this particular connection is to suggest to these prairie governments, which should be and I am confident are deeply concerned about this great problem about which the hon. member for Prince Albert has been so eloquent these many times—

Mr. Diefenbaker: I want to tell you if you heard the people of Saskatchewan being eloquent, you would understand.

Mr. Garson: Yes, and I am giving him credit. I give the people credit, too, for being eloquent. If I were in their shoes I do not know whether I would be eloquent but I would certainly be strongly articulate.

I suggest that this method of having a body of scientific men to study the problem, to ascertain what is involved in it and deal with it accordingly, offers, on the basis of the precedent of the international joint commission, by long odds the most sensible method of dealing with this problem, and infinitely more sensible than a series of police court prosecutions.

Now, let me make one or two points clear at this stage. This prairie provinces water board now is purely an advisory body. It has no overriding authority of its own at the present time. It has been set up to advise their respective governments whose representatives compose it. It is quite true that before the recommendations they make can become effective they must be ratified by the governments concerned. But I am told the board has had a good measure of success in getting their governments to adopt their recommendations. I would suggest that, as compared with any further amendments to the Criminal Code, especially if they are as inadequate as the ones suggested by the hon. member for Prince Albert, it would be infinitely preferable to have this body instructed by the governments which set it up to take over the authority to deal with the question of the quality of the water.

If, for one reason or another, they are not experts in that particular field of pollution because they are men who deal more with quantity problems than with quality problems—they should add to their numbers

people who are competent in this other field. If necessary another body of the same character could be set up.

Mr. Diefenbaker: Was it not the federal government that set it up?

Mr. Garson: No, it was not the great white father.

Mr. Diefenbaker: The water board in western Canada was not set up by the federal government?

Mr. Garson: The water board in western Canada, I may inform my friend, was set up by the four governments who are parties to it.

Mr. Diefenbaker: Who are they?

Mr. Garson: I have already named them, but I shall name them again in the same way I did a moment ago. They were the governments of Alberta, Saskatchewan, Manitoba and Canada; those are the four.

This is merely a suggestion made, if you like, by an outsider from this problem. We in western Canada are just on the eve of a very large industrial expansion. This trouble we have been having is the first harbinger of a lot of other problems of the same character that will arise shortly. If we are going to deal with them in an orderly way we do not want to give this problem of the chemical or other pollution of water, which is a problem for scientists and engineers, into the hands of the chiefs of police or to throw them into the courts for solution when they can be dealt with by a body of this nature that is competent in the scientific and engineering fields.

In this respect I am completely in agreement with the hon. member for The Battlefords. I feel this is the opportune time to take this move because in so far as these large western streams are concerned, we will be able to get in at the very beginning of the river pollution problems that are arising. From the beginning we would have that control over the problem which would have been of enormous advantage to the international joint commission if it had been able to deal earlier in their history with the problems with which it is now dealing. It is for these reasons I am very sorry that I cannot support the amendment which has been moved by the hon. member for Prince Albert.

The Deputy Chairman: Before the hon. member for Prince Albert speaks I think at this stage it is my duty to remind the committee that what is under discussion is the proposed amendment by the hon. member for Prince Albert, widening the description of certain criminal offences. I am asking the committee not to allow itself to be led so far away from that amendment that we will find we are debating the merits of alternative methods of dealing with the pollution of a certain river, whereas we should be debating the applicability of the Criminal Code to that situation.

I believe members of the committee will agree with me that where I and others in the Chair have allowed a debate to get too far afield, we eventually found we were debating the merits of something that was not before the committee at all. I submit that for the guidance of the committee.

Mr. Diefenbaker: Never before in this house have I heard such a torrent of words in order to arrive at a negative position. Certainly the minister's suggestion about the water board was one of the most ludicrous I have ever heard advanced. The water board has nothing whatever to do with the quality of the water. It had to do with the allocation of water as among the three western provinces in order to determine whether or not irrigation projects should be permitted.

The minister says we are on the eve of an industrial development and, to use his own words, we ought to deal with matters such as this in an orderly way. So far as the people of Saskatchewan are concerned, those long-suffering 50,000, this will indeed be a very black Friday. A few weeks ago when the matter was under discussion the minister said he could not deal with the question then because we did not know whether there was any evidence against anyone. We did not know who the wrongdoer was, but once we found out who the wrongdoer was then we would be in a position to consider amendments to the Criminal Code.

At that time I stated that in my opinion the wrongdoer was Canadian Chemical Company. That conclusion has since been established beyond peradventure. The minister says we should follow some course similar to that of the international joint commission. That commission has done outstanding work. It has the power to act and it does act. The minister read the preamble of the powers of this body and said that in order to cover pollution in all of its various aspects there would have to be a great many terms defining the offence. But that is what the law officers were to consult about. That is the reason for the delay in connection with this matter. For almost five months now 50,000 people have been waiting for parliament to act. The province of Saskatchewan, and I hold no brief for the government of that province, cannot act. It has no

power to act and the only government that can act is the government of Alberta. It is—

Mr. Martin: Would the hon. gentleman permit a question? We have now, as he has said, knowledge as to which company is mainly responsible for this particular pollution. But will the hon. member say whether or not in his opinion it is open to any citizen of the province of Saskatchewan or Alberta or the law officers or any private citizen in Prince Albert to take injunction proceedings against the company in these circumstances? Will the hon. member say "yes" or "no" to that question?

Mr. Diefenbaker: All I will say is that counsel who have been retained say there is no right of action, and it is counsel's opinion that is accepted. The minister has brought up the question of an injunction. But the health of the people in Saskatchewan and Manitoba has been affected by what has taken place and has been seriously undermined and the minister's department has done nothing but send out two officials—

Mr. Martin: Now, Mr. Chairman, I rise on a point of order—

Mr. Diefenbaker: I am speaking at the moment.

An hon. Member: It is a point of order.

Mr. Diefenbaker: Oh.

The Deputy Chairman: Will the minister please state his point of order?

Mr. Martin: Mr. Chairman, when this debate began I refrained altogether from discussing the merits of this question, but my hon. friend has now stated that the Department of National Health and Welfare has done nothing—

Mr. Diefenbaker: Except send out two officials.

Mr. Martin: —and the house knows and the hon. member knows better than anyone else that department materially assisted in this matter.

Mr. Diefenbaker: That is not a point of order.

The Deputy Chairman: Will the hon. member for Prince Albert kindly allow the minister to put his point of order?

Mr. Martin: If the hon. gentleman is going to be allowed to discuss whether or not the government has done anything in this matter I want the opportunity to reply because that is not the case.

Mr. Diefenbaker: Mr. Chairman, that is not a point of order.

[Mr. Diefenbaker.]

Mr. Martin: My hon. friend interrupts more than anyone else in this house and when he is on the spot he can never take it.

The Deputy Chairman: Will both hon. gentlemen kindly resume their seats? I was about to raise the point of order which has been raised by the minister. It is my ruling that it is not within the competence of this committee at this time to discuss whether or not the Department of National Health and Welfare did or did not take certain action in connection with the Saskatchewan river. What this committee is discussing is whether or not the Criminal Code should be amended, and in that connection the situation on the Saskatchewan river certainly comes within the ambit of this discussion.

Mr. Diefenbaker: All of which indicates, Mr. Chairman, how interruptions such as those made by my hon. friend deviate and divert a discussion which comes within the ambit of your authority.

Mr. Martin: You should know.

Mr. Diefenbaker: I would like to hear the Minister of National Health and Welfare speaking strictly to the subject matter of this amendment, but apparently we are not going to be able to induce him to rise from his seat to say something definite about this matter which will affect the people of Saskatchewan.

Some hon. Members: Order.

Mr. Diefenbaker: Have you another chairman over there?

Some hon. Members: Yes.

Mr. Diefenbaker: Mr. Chairman, let me say that we are getting the same interference and the same jeers from the Liberal side of the house as we got a few weeks ago when we were discussing this problem. Have my hon. friends from Saskatchewan who are supporting the government said anything about this matter?

Some hon. Members: Give them a chance.

Mr. Diefenbaker: No, not one word.

Mr. Garson: Mr. Chairman, on a point of order. My hon. friend, perhaps for the benefit of the residents of Prince Albert, stated quite inaccurately that there were jeers on this side of the house. There was not one single jeer.

Mr. Diefenbaker: Well, Mr. Chairman, one cannot put jeers on the record and we do not broadcast these proceedings, but certainly the sounds we heard were not sounds of approval. Does the Minister of Justice say they were sounds of approval?

An hon. Member: They were sounds of disapproval.

Mr. Diefenbaker: No, there is no answer. The people of Prince Albert and Battleford have waited five long months for action since the matter was first brought up. First it was stated that in a very short time a solution would be forthcoming. But this matter—

Mr. Martin: Mr. Chairman, I rise on a point of order. My hon. friend knows very well that no one ever said what he is indicating was said and he knows that better than anyone else.

The Deputy Chairman: I think in this case the point of order raised by the minister is very well taken. I myself did not consider that the last remarks of the hon. member for Prince Albert were directed to the Criminal Code. I suggest that the hon. member for Prince Albert bring his remarks under the standing order which states that speeches in committee must be strictly relevant to the item or clause under consideration. If the hon. member will do that I will do my best to see that he is not interrupted.

Mr. Diefenbaker: Returning once more, without interruption, to the amendment, the Minister of Justice states that it does not cover every eventuality which might arise, that it does not cover all the facets and possibilities in connection with pollution. I therefore suggest that the minister, having available the law officers of the crown and with the experience of the international joint commission, should draft an amendment which will cover the situation. My hon. friend from The Battlefords spoke in the most restrained terms when he asked parliament to act on this question. All we ask is that in the industrial development which is commencing in western Canada no corporation in its own interests may use the rivers in western Canada or any part of Canada to the detriment of the welfare of the people as a whole. There is only one way in which that can be enforced and that is under the nuisance section. I have never heard of such a naive and pompous argument as that which the minister endeavoured to advance when he said that clause 163 dealt with religious services. That was one of the most unusual arguments—

Mr. Garson: Mr. Chairman, on a point of privilege, I would just like to make a correction. What I said was that the clause in question was in that part of the code headed by the terms "disturbing religious services" and that it dealt with the throwing of stench bombs at meetings.

Mr. Diefenbaker: That indicates that the minister has not read the section. I will now refer him to the section.

Mr. Garson: Read it.

Mr. Diefenbaker: The general heading under which section 161 comes is "disturbing religious services". Section 162, which is part of that general section according to my hon. friend, reads as follows:

> Every one who, without lawful excuse, the proof of which lies upon him, loiters or prowls at night upon the property of another person near a dwelling house situated on that property is guilty of an offence punishable on summary conviction.

Mr. Fulton: What about vagrancy?

Mr. Martin: No jeering there.

The Deputy Chairman: Order.

Mr. Diefenbaker: Then section 163 reads as follows:

> Every one other than a peace officer engaged in the discharge of his duty who has in his possession in a public place or who deposits, throws or injects or causes to be deposited, thrown or injected in, into or near any place,
>
> (a) an offensive volatile substance . . . is guilty of an offence punishable on summary conviction.

Mr. Garson: Exactly. Will my hon. friend read subclause (b)? It is the crucial subclause.

Mr. Diefenbaker: We are not dealing with the stink bomb. We are dealing with volatile substances. After all, my hon. friend seems to be returning forever to the stink bomb. I am not concerned with that matter. I am concerned about the volatile substances going into the Saskatchewan river. My hon. friend says that amendment might well apply to some other section, that an offence could be created. But then after a vast explanation he says that the government does not intend to accept the amendment I suggested by way of a tentative suggestion so that at least the general purport of the demands of the people in Saskatchewan would be brought before the committee. Speaking for the government the minister has stated that no amendment will be accepted. That simply means that from now on if any corporation continues to dump substances into the Saskatchewan river, places our people's health in jeopardy, makes it impossible for people to use the water of the river that belongs to the people of Canada and is not the property of any corporation, nothing can be done.

We can do no more if he refuses that amendment. We have made our representations. We intend to bring the matter to a vote in order to find out whether or not the people in Saskatchewan are to be placed in the position that they are not to be given

some assistance under the criminal law, not with respect to past offences but with respect to future offences, in order to deny the recurrence of this type of thing. We want to know what is the attitude of the government. Certainly alibis, postponements, explanations as to other statutes that might apply but do not, and references to the international joint commission have nothing whatever to do with this question. All of that may be interesting as a recital but it does not meet the problem.

The last time this matter was before the committee the minister said, "Let us just find out the facts and then we will know whether or not an amendment to the Criminal Code should be made." We now have the facts. We now know that one corporation has been pouring three thousand gallons of chemical waste into the river, and that those chemical wastes have rendered the water unusable 300, 400 and 500 miles away; and there is nothing to prevent a repetition. It was in order to punish possible repetitions of this action that this amendment was moved. It is the only way in which the health of the people can be protected under the law as it now is. Indeed, in Prince Albert we have a sanatorium. The minister himself received from Dr. Kirkby of that sanatorium a letter written on March 15 in which he set forth the facts in these words:

Hon. S. Garson,
Department of Justice,
Ottawa.

Dear Mr. Garson:

Please excuse handwritten letter but have been confined to hospital here for past two months. I am superintendent of Prince Albert sanatorium, a 275-bed institution. The problem of water pollution has been a serious one for our patients. Recently a special filter was installed which was only partially successful.

This pollution question is more than a nuisance. I respectfully request that legislation be placed on our books to prohibit such flagrant disregard of the rights of others by any commercial or other organization.

Respectfully submitted,
R. W. Kirkby, M.D.
Medical Supt.

The only way in which the problem can be met is by making it a crime to do this type of thing. My hon. friend says that we should not make crimes unnecessarily, and I agree; but this is a necessary act. My hon. friend said we should proceed under section 165. Nothing of the kind. Section 165, under the heading "Nuisances", reads as follows:

Every one who commits a common nuisance and thereby

(a) endangers the lives, safety or health of the public, or

(b) causes physical injury to any person, is guilty of an indictable offence and is liable to imprisonment for two years.

[Mr. Diefenbaker.]

We cannot establish that today. The medical doctors say it will be two years before we shall know the degree to which those who have gone ahead and used the water will be affected or not affected physically in consequence thereof.

Mr. Martin: Who said that?

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

Mr. Diefenbaker: Yes.

Mr. Garson: Would he not say that the comfort of the people of Prince Albert was interfered with—

Mr. Diefenbaker: Oh, yes.

Mr. Garson: —within the definition of public nuisance?

Mr. Diefenbaker: That is right. But again you read these words:

(a) endangers the lives, safety, health, property or comfort of the public . . .

Mr. Garson: Yes; comfort of the public.

Mr. Diefenbaker: Yes. My hon. friend has frequently referred to the *ejusdem generis* rule, that everything is interpreted with reference to the general words preceding it and that that is one of the reasons why counsel gave the opinion that section 165 did not constitute an offence. As I said before, and I repeat it, we cannot establish at the present time that the health is affected of individuals who are using that water; but we know that the Canadian National Railways have found that using this water in its present state is the best means by which to scale the flues of locomotives. If it does that, what must it do to human beings?

Mr. Nicholson: Before the vote is taken I must rise to support the amendment moved by the hon. member for Prince Albert. The river with the polluted water crosses my constituency. It is true that I have not as many people involved as have the hon. member for The Battlefords and the hon. member for Prince Albert. They both made a very good case and I do not propose to cover the ground which they have already covered. While Cumberland House is not as large as Prince Albert or Battleford, it is an older centre. The Minister of National Health and Welfare will be interested in the problems that are going to affect his department.

The loss of the supply of fish is going to present a health problem for the Indian people at Cumberland House which I think is extremely serious. I was in Prince Albert on January 22 and I want to submit that if

parliament could have adjourned for a few days to sit in Prince Albert I feel sure we would have had action before now.

Mr. Martin: Mr. Chairman, I rise on a point of order. Before you took the chair, a point of order was raised while the hon. member for Prince Albert was speaking. The issue before the house is whether or not a particular amendment to the Criminal Code should be accepted by the government, namely an amendment to deal with the pollution of the North Saskatchewan river. I as Minister of National Health and Welfare decided that it was not desirable to intervene on a purely legal aspect of the debate but I felt that I should reserve my right if there was going to be any discussion on the merits.

The hon. gentleman now speaking is discussing the merits of our handling of this particular pollution, not the merits of the amendment. If he is going to do that I can tell him that I would want to point out that the minister of health in Saskatchewan takes violent exception to what he has just said. If the hon. gentleman is going to discuss whether or not the government of Canada has done its duty towards this particular matter, then we are going to discuss the merits of the question. But the issue before us is whether or not a particular amendment should be made and accepted. That is the issue. I would suggest, Mr. Chairman, in view of the fact you have not had the advantage of the discussion that preceded your taking the chair, that hon. members should observe that point of order.

Mr. Coldwell: Before you make your ruling, Mr. Chairman, I should like to say that what my hon. friend is doing is trying to point out the necessity for this amendment, and in showing that the amendment is necessary surely he has to say something about the conditions now and the effect, without the amendment, upon the people whom he represents in the house. I think my hon. friend is quite within the four corners of the discussion in showing how failure to carry this amendment will adversely affect the constituents whom he represents.

Mr. Martin: We may take it for granted that we are all aware of the seriousness of the situation.

Mr. Diefenbaker: There is no sign of it.

Mr. Martin: My hon. friend says that he does not know about that. It was the Department of National Health and Welfare, in cooperation with the provinces, that was responsible for the improvement that has taken place. What the hon. member is now doing, and in another debate he would be perfectly in order, is seeking to establish the fact that he is interested in the problem, and because others want to keep within the rules of debate we are precluded from indicating that we are as greatly concerned as is the hon. member.

Mr. Diefenbaker: What they want is action.

Mr. Martin: For that reason the rules of debate should be strictly observed and the merits of the pollution of the North Saskatchewan should not be discussed at this time but whether or not the proposed legal method is the one to deal with the question of pollution generally speaking, and in that regard only with this particular pollution.

The Chairman: Order. I feel that the point of order raised by the Minister of National Health and Welfare is well taken. On the other hand, this debate has perhaps been somewhat broader than should be allowed under the strict rules of relevancy in committee. I am not going to rule that the hon. member for Mackenzie is entirely out of order but I would ask him to co-operate with the chair in an effort to confine his remarks to the merits of the amendment proposed by the hon. member for Prince Albert.

Mr. Nicholson: Thank you. I probably would have been through by now if I had not been interrupted. The Minister of Justice, before you took the chair, Mr. Chairman, took about thirty minutes in indicating why he is going to oppose the amendment before us at the present time, and I think that I should be permitted to indicate that I am going to support it and also to give reasons why I support it.

I submit that the welfare of my Indian friends, whose future is being jeopardized because of the present situation, is a very real problem. As I said, I was in Prince Albert on the 22nd of January. The 22nd of February has passed, the 22nd of March has passed and there is still no legislation on the statute books that will give these people security for the future. If this is not the place to make some provision, then I submit that somewhere along the line the federal government should bring forward legislation that will protect the people because I think it is quite clear that people in Saskatchewan cannot take legal action that will give them the sort of protection they need.

The health of the people of Edmonton is not being affected, and I think it is ridiculous to suggest that the Indian people at Cumberland House should institute legal action against the Canadian Chemical Company, a very wealthy corporation, with a view to convincing the courts of this country that the

corporation should discontinue a practice that is going to destroy food of the people of that northern area. When I was in Prince Albert on the 22nd of January I found that you could not drink tea or coffee made from the water. I would not want to take a shower or bath in this polluted water. I think hon. members do not realize what it means to have your water supply cut off so abruptly and for such a long period.

Some hon. Members: Oh, oh.

Mr. Nicholson: I have here the most recent issue of the Saskatoon *Star-Phoenix* which has just come to me and it contains a story from Prince Albert to the effect that whether or not the water improved the council planned to call a conference of all those affected by the pollution to see what measures could be taken.

Some hon. Members: Oh, oh.

Mr. Nicholson: I am not quite sure just what I did say, Mr. Chairman.

The Chairman: Order.

Mr. Martin: You are polluting our minds.

Mr. Nicholson: Anyway I am sure that I have the support of hon. members in trying to see that legislation is passed that will afford protection to the people living in these northern regions who are dependent on the water supply from the North Saskatchewan river.

Mr. Tucker: I understand that the Minister of Justice has suggested that this matter is covered already by section 165 of the bill to amend the Criminal Code and that that section has already been dealt with. I would suggest that a reading of section 165 clearly indicates that it does cover this matter because it says:

(1) Every one who commits a common nuisance and thereby
(a) endangers the lives, safety or health of the public, or
(b) causes physical injury to any person, is guilty of an indictable offence and is liable to imprisonment for two years.

The section goes on to define what is a common nuisance. It reads as follows:

(2) For the purposes of this section, every one commits a common nuisance who does an unlawful act or fails to discharge a legal duty and thereby
(a) endangers the lives, safety, health, property or comfort of the public . . .

I suggest that from a reading of the Alberta public health act, which was cited by the hon. member for The Battlefords, the discharge of this effluent into the river is definitely an unlawful act. My hon. friend said that there was no penalty provided but the penalty is here in the Criminal Code. If under a provincial statute it is an unlawful act which endangers the comfort of the public it becomes a common nuisance, and section 165 says that anybody who commits a common nuisance is guilty of an indictable offence and liable to imprisonment for two years.

That is one ground upon which it comes within section 165. The only doubt that one could have about whether it would come under this section would arise from the fact that the common nuisance must endanger the lives, safety or health of the public. I do not think any court would have any difficulty whatever in saying that the pollution of river water, which caused people to be unwilling or unable to drink it, does endanger the health of the public where they have to rely upon that water. Certainly, as the minister pointed out, it does endanger the comfort of the public.

There is another way, I suggest, in which that comes within section 165. Some years ago the rural municipality of Cory obtained an injunction against the city of Saskatoon ordering that it should not discharge sewage into the Saskatchewan river. That injunction was a court order, and failure to obey it was an unlawful act. If they continued to disobey the injunction they would come squarely within the terms of section 165 of the act.

Surely if it is a nuisance subject to the obtaining of an injunction to discharge sewage into the river, it certainly would be possible to get an injunction to prevent the discharge of this material into the river, because it would be just as deleterious as the discharge of sewage. I have great respect for the opinion of the hon. member for Prince Albert, but I am sure he must be familiar with the fact that the rural municipality of Cory did obtain such an injunction, and that because of that the city of Saskatoon has had to make arrangements either to build a sewage disposal plant or render itself liable to be proceeded against under the Criminal Code, and the additional liability of contempt of court.

The way the law is at the present time, the actual commission of the nuisance has to be established. Once it is established it is subject to a penalty of two years. I can well understand that when this comes clearly within the "nuisance" clause of the Criminal Code, the Minister of Justice would object to having a clause like this inserted under the broad heading of "disturbing religious services", and taking it from under the heading of "nuisance", where it should be.

Mr. Campbell: How would you put a company in jail for two years?

Mr. Tucker: There is a provision in the Criminal Code where, when a corporation is

found guilty of an indictable offence, it can be fined rather than imprisoned. And while I do not carry in my mind the exact amount of the fine, my recollection is that it is very substantial.

Mr. Garson: May I interrupt to point out that the fine is unlimited.

Mr. Tucker: The minister says it is unlimited. I knew a provision of that kind was made.

Mr. Garson: It is clause 623 in this bill.

Mr. Tucker: And there is another provision that where a corporation is guilty of an offence, the officials responsible, as well as the corporation, can be proceeded against. So that I submit the amendment of the hon. member for Prince Albert would inject into the Criminal Code under the broad heading of "disturbing religious services" another matter which would introduce a measure of confusion.

Obviously this matter should be dealt with under "nuisances". I say to the minister that if there is any doubt about this being covered under the "nuisance" clause that doubt should be cleared up. However I do not think there is any doubt in my own mind that it is covered. If there is any doubt, then there should be no question about its being covered; because surely it should be a criminal offence to pollute the waters of a great river like the Saskatchewan so that the people cannot use it for drinking purposes, and so that those unfortunate people in mental hospitals or the provincial hospital at Battleford, who have no means of defending themselves, have to drink water that is practically undrinkable.

That is something that would certainly be a crime; and if there is any doubt about it, it should be made a crime. It is an interference with the health, safety and rights of the public who will use the water of a great river like the Saskatchewan river. I suggest with all deference that if it is not definitely a crime today, then parliament should make it a crime, because there can be no doubt of our competence under the constitution to declare it a crime.

However if it is fully dealt with, as the minister and the law officers of the crown are satisfied, so that action can be taken under the Criminal Code, there should be no need for an amendment. But I repeat that if there is any doubt I would strongly urge the minister to consider an amendment to section 165 to make it very clear that people do not have to go to court and get an injunction before it could be declared a crime under this section. If it is not clearly a crime or an offence under the appropriate section of the Alberta statute—as I think it is—which would bring it under section 165, then I suggest consideration should be given to making it very clear that it is an offence.

I do suggest with all deference that we make crimes many acts that are not as harmful to the public as the pollution of this great river, and the damage it has done to the people who rely upon it for drinking water. If there is any doubt about its being a crime, that doubt should be cleared up without delay or hesitation. However, as I said before, I think it is already covered.

I know the minister has given this matter careful consideration, and he appears to be satisfied that the situation is covered so that the people of Saskatchewan can take action, if this matter is not properly looked after, by bringing it into the court and having the corporation punished. If there is any doubt about their right to take that action, then without question that right should be given to them by parliament. I submit that, with all deference.

Mr. Campbell: Mr. Chairman, this is the first intimation we have had from the minister or the government that there might be some legislation that would cover this pollution. But what is the position of, let us say, the city council of Prince Albert? In addition to the distress they have suffered, up to March 23 they had to spend something more than $3,000 for the hauling of water. Incidentally they hang black crepe on the doors of the houses to which the water is hauled. Then, the town of Battleford has had a well machine at a charge of $100 a day, and they have had it for some considerable time—I do not know just how long—in an effort to find water.

Apart from the distress they have suffered, will the town of Battleford, that is not in a very good financial position anyway, have to go to the expense of taking action against this company in Edmonton? Or will the federal government, under this act through which it says it has power, take action? Will it be up to the cities to take action, when they might stand the chance of losing, and thereby become liable for additional loss of money? There can be no doubt that a crime has been committed—no doubt about it—that a dastardly crime has been committed against these people.

Mr. Martin: The attorney general of Saskatchewan could do it; there would be no difficulty about that.

The Chairman: Is the committee ready for the question?

Mr. Fulton: I have a question to ask, in an effort to get some light on the matter.

The Chairman: The hon. member for Comox-Alberni.

Mr. Barnett: Mr. Chairman, in spite of some of the lighter exchanges that have taken place across the floor of the house I, for one, would not want to suggest that the Minister of Justice or other hon. members supporting him are not concerned about this problem. I think it is something which warrants our serious consideration. I come from the balmy slopes of the Pacific side where our water certainly will not be polluted by the North Saskatchewan. But even the hon. member who moved this amendment did indicate that he was more concerned about having something adequate done than having the amendment passed in this particular form.

The Minister of Justice made some reference to clause 165 which deals with nuisances, and possibly that may be a more appropriate place in the Criminal Code in which something could be done. But after looking at it carefully I am not convinced it is adequate to deal with the kind of situation that has been described at some considerable length; because it would seem to me, and I have been educated to a certain extent, after listening to the minister in his exposition of some of these clauses, that it is necessary under clause 165, before a matter is a nuisance which is an indictable offence, to prove that the life, safety or health of the public has been endangered.

Mr. Garson: If my hon. friend will continue reading it, he will see that it also includes their comfort.

Mr. Barnett: It is not that; it is in the part which says:

> For the purposes of this section, every one commits a common nuisance—

It defines what constitutes a nuisance. Is it not true that in addition to it being a nuisance it has to endanger the life, safety or health of an individual before it is an indictable offence?

Now, I cannot help but contrast the situation of having no effective action under such a section with the situation which exists in respect to the pollution of waters where fisheries are involved, and which are covered under the Fisheries Act. It would be worthwhile to contrast this clause with the section as it is set forth in the Fisheries Act, having to do with a similar offence. Section 33, subsection 2 of the Fisheries Act says:

> No person shall cause or knowingly permit to pass into, or put or knowingly permit to be put, lime, chemical substances or drugs . . .

And so on, into the water. Section 61 of the same act prescribes the penalties for committing that offence. The penalty is $20 a day for the first offence and additional penalties if the offence is persisted in of so many dollars per day. It seems to me that the way in which that type of offence is set forth and the manner in which the penalties are prescribed in the Fisheries Act clearly place the onus on the person who may put anything into the waters to establish their prior right to do so before they put anything in.

Not long ago I happened to pick up a publication in which I was interested because it described a very detailed survey of the waters of the Upper Alberni inlet and the river which runs into it, which was made several years ago at a time when it was proposed to establish a pulp mill at the head of that inlet, which would, in the course of its normal operation, discharge certain chemicals into those waters. While what the minister says with regard to the co-operation that many corporations might be willing to give may be true, at the same time we cannot help but feel the fact that what was set forth clearly in the Fisheries Act as a straightforward statement, and penalties are provided for putting chemicals into those waters, may have resulted in that particular firm being a little more cautious in building their plant and dumping the chemicals into the water, and then discovering afterwards that damage was caused.

It seems to me that in dealing with this general problem the same principle should be established in regard to the pollution of waters that are going to be used by human beings. The law should be so worded that the onus would be upon the chemical company to establish before they started constructing their plant or putting the discharges into the water that no harmful result would follow. It struck me that the illustration of what happened in the establishment of this pulp mill was in great contrast to the situation that is being discussed at the present time, where in fact the door was being locked after the horse had been stolen, or where it was necessary, after pollution had started, to go through that careful analysis by the scientists and officials described by the Minister of National Health and Welfare to establish just what was happening. In the one case all of these things were established long before the foundation of the plant was put in. In this case nothing definite was known about it until the pollution occurred miles down the river.

Perhaps there is some other body that could do something. The minister referred

to a board. I understood him to say that it was a voluntary and co-operative organization. Perhaps it could conduct the necessary scientific surveys and so on.

Nevertheless, I feel that if in the Criminal Code—if that is the place for it—or in some other act it could be clearly established that the onus is on the persons who contemplate putting chemicals or other substances in the water to show that no possible danger could arise from their action before they start to do so rather than after, and not have the onus placed upon, as the hon. member for The Battlefords said, the council of a city to take court action or seek an injunction or launch a suit for damages and pay the costs. We would thus accomplish the objective we have in mind. I am inclined to think that if clause 165 were given a proper going over with the situation that may exist in mind the principle which is set forth in the Fisheries Act could be incorporated in a clause in the Criminal Code to cover the situation.

The Chairman: Is the committee ready for the question?

Mr. Tucker: Before the question is put I should like to have the minister give an opinion in regard to what I put before him. The public health act of the province of Alberta, which of course is primarily interested in the matter, sets up a provincial board to deal with this very question of watching over the supply of water from springs, wells, ponds, lakes, streams and rivers used as a public water supply in the province of Alberta. It sets up a board to supervise that sort of thing, and if there are any complaints about the pollution of any stream the provincial board is empowered to inquire into the matter and it may make a report to the minister as to what remedial measures are required in respect to the matter.

Where the provincial board recommends a remedy, then an application may be made to a judge of the supreme court by any person interested for an order to abate the nuisance. It seems to me quite clear that that is the provision made in regard to interfering with the rights of people within the province of Alberta. They have laid down how the matter should be dealt with once an order is made by the judge in regard to the matter, that this pollution of the river shall cease, based upon the fact of preserving the purity of the water supply. Then, I suggest to the minister, a person who continued to pollute the water after that would be guilty of a common nuisance. A common nuisance is described as a person who does an unlawful act, and if an injunction had been obtained from a judge that would be an unlawful act which would endanger the comfort of the public.

Then it goes on to say that anyone who commits a nuisance and who does endanger the health of the public—any court would hold that interfering with the purity of the drinking water would endanger the public—would be guilty of this offence. I believe that would be one method of putting the problem clearly within the terms of section 165. Then, without getting an order from the court in Alberta, it seems to me all that would be necessary to prove a charge under section 165 would be that a common nuisance had been committed. In order to prove that it would only be necessary to prove that a person had committed an act which endangered the comfort of the public. If it was proven thereby that that was a nuisance, all that would be necessary then would be to show that it endangered the safety or health of the public.

I do not think any court would have any difficulty in finding that an act which made the waters of a river upon which thousands of people depend for their drinking water supply unfit for use for that purpose had endangered the health of the public. If the minister, who has carefully considered this matter in consultation with his officers, and I have every confidence in the law officers of the dominion government, is satisfied that this situation is covered by section 165, then I submit no amendment is necessary. On the other hand I would, of course, feel that if he is in any doubt about the matter the section should be allowed to stand so the problem can be investigated. It is not a matter about which there should be any doubt. If the minister is ready to say he is satisfied the offence is covered, then so far as I am concerned I do not see any reason for the amendment.

The Chairman: Is the committee ready for the question?

Mr. Tucker: I want an answer to my question. I believe the minister can tell us whether he feels the matter is covered or is not covered.

Mr. Garson: In addition to the cases which the hon. member for Rosthern has cited, Mr. Chairman, which had to do with the health board in Alberta making certain orders, I find that regulation 1007 of the regulations restricting nuisances and general sanitation in Alberta provides:

> The deposit of any dead animal, manure, excreta, refuse, garbage, liquid waste or other filth upon, on, or into any street, ditch, highway, byway, wharf, dock, lake, pond, river, stream, harbour, water, well or sewer or on to any land, except with the written consent of the local board of health or the provincial board of health, shall be deemed a nuisance.

I would imagine that the contravention of that would be an unlawful act within the meaning of the Criminal Code.

The Chairman: The question is on the amendment of the hon. member for Prince Albert.

Amendment (Mr. Diefenbaker) negatived: Yeas, 25; nays, 58.

Clause agreed to.

On clause 165—*Common nuisance.*

Mr. Campbell: The minister suggested that perhaps clause 165 would be a better clause to amend than clause 163, Mr. Chairman. I, therefore, move that:

Subclause (2) be renumbered as (3) and that the following be inserted as subclause (2):

(2) Every one who, by himself, his agent or employee, places or discharges, or causes to be placed or discharged or suffers to be placed or discharged, in, upon or near, springs, lakes, streams or rivers, any industrial waste or any other polluting material of any kind whatsoever, which either by itself or in connection with other matter may corrupt or impair the quality of the water thereof in another province or render such water in such other province unfit for accustomed or ordinary use is guilty of an indictable offence and liable to imprisonment for two years, or a fine of not less than two thousand dollars.

The Chairman: Is the committee ready for the question?

Mr. Coldwell: No, Mr. Chairman, the hon. member is still on his feet and wants to speak. It is ten o'clock.

The Chairman: Shall I rise, report progress and ask leave to sit again?

Some hon. Members: Agreed.

Clause stands.

Progress reported.

BUSINESS OF THE HOUSE

Mr. Harris: On Monday, Mr. Speaker, we shall continue with this debate. When it is completed there will be a supply motion presented, and when it is carried we shall call whatever departments will be agreed upon in the meantime and then take public works.

Mr. Knowles: I wonder whether the minister would care to say what the plan is now as to which group of the remaining clauses will be taken first, group 4 or group 5?

Mr. Garson: The clauses, Mr. Speaker, will be group 4 dealing with treason, etc.

Mr. Knowles: That is after we complete clause 165.

Mr. Garson: That is right.

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

HOUSE OF COMMONS

Monday, April 5, 1954

The house met at 2.30 p.m.

RAILWAYS, CANALS AND TELEGRAPH LINES

Fifth report of standing committee on railways, canals and telegraph lines.—Mr. McCulloch (Pictou).

THE BUDGET

TABLING OF WHITE PAPER

Hon. Douglas Abbott (Minister of Finance): I desire to table copies, in English and in French, of the white paper in connection with the budget 1954-55.

This procedure of tabling the white paper on the day before the budget was adopted two years ago and has, I believe, proved useful to hon. members. I would suggest, if it meets with the approval of the house, and I so move, that it be printed in today's *Votes and Proceedings* so that hon. members will have an opportunity to study it before I deliver the budget speech tomorrow evening.

I would also ask the consent of the house to have it printed in tomorrow's *Hansard* together with the budget speech.

Motion agreed to.

ATOMIC ENERGY

PROTECTION FROM POSSIBLE DANGER OF CONTAMINATION

Hon. Brooke Claxton (Minister of National Defence): On March 30, at page 3470 of *Hansard*, the hon. member for Yorkton (Mr. Castleden) asked the following question:

What steps are being taken to protect the Canadian people from possible dangers of contamination by radioactive materials which might reach Canada from the explosion of bombs in the Pacific?

In reply to the hon. member's question, I may say that so far as the Department of National Defence is concerned the defence research board has for several years past been following the matter of surface radioactivity at various places across Canada and particularly during periods following the explosion of atomic or hydrogen bombs. The greatest effects observed to date by the board have been very much below the point which could be considered the slightest hazard to human health. I might add that the radioactivity from the explosion of March 1 in the Pacific, of course in so far as this country was concerned, was found to be much less than the slight effects observed in previous years from explosions in Nevada.

From what I have said it will be obvious, I think, that up to the present time there has been no occasion in Canada when any danger of contamination has existed following atomic or hydrogen bomb explosions. The matter is of course under continuous observation and examination and will continue to be closely studied by the defence research board.

PRIVATE BILL

FIRST READING—SENATE BILL

Bill No. 418, respecting the Baloise Fire Insurance Company of Canada.—Mr. Cannon.

QUESTIONS

EXPENDITURES ON DRUGS, MEDICINES, ETC.

Mr. Knowles:

1. What is the average percentage of income spent by all Canadians on medical expenses under each of the following headings: (a) on items allowed as deductible under the Income Tax Act; (b) on drugs, medicines, etc.; (c) on spectacles, hearing aids, and all other medical items not allowed as deductible under the Income Tax Act?
2. What is the average percentage of income spent on (a), (b), and (c) as set out in the above question, by Canadians in each of the following gross income brackets: (i) $2,000 per year or less; (ii) $2,001 to $3,000 per year; (iii) $3,001 to $5,000 per year; (iv) $5,001 to $10,000 per year; (v) $10,001 to $15,000 per year; (vi) over $15,000 per year?

Mr. McCann:

1 and 2. No statistical information available.

FOREIGN CREWS IN CANADIAN PORTS—MEDICAL BENEFITS

Mr. Valois:

1. What medical benefits are provided for crew members of foreign vessels which arrive at Canadian ports and pay sick mariners dues?
2. Is there any restriction on the type of illness treated?

Mr. Robertson:

1 and 2. Well-equipped and modern sick mariners clinics are operated by the Department of National Health and Welfare at Sydney, Halifax, Saint John, N.B., Quebec,

Montreal and Vancouver, and plans are underway for a new clinic at Victoria. These clinics are conveniently located at or near the dockside so that out-patient treatment can be carried out with as little delay as possible. In-patients are treated in government or private hospitals with which the sick mariners service of the department has contract arrangements. Medical facilities are also available at the majority of smaller ports where treatment is provided by part-time port physicians and in the local hospitals. Every effort is made to maintain a high professional standard and the services of the most eminent consultants are obtained when needed. Treatment is provided for every condition, except permanent insanity, for such periods as are necessary up to a maximum of one year. The treatment benefits include medical and surgical care and hospitalization, X-ray, nursing, physiotherapy and drugs.

P.F.R.A. EXPENDITURES

Mr. Diefenbaker:

What expenditures have been made by P.F.R.A. in each of the prairie provinces, month by month, since the 1st of January 1953?

Mr. McCubbin:

	Manitoba	Saskatchewan	Alberta
January, 1953	$ 10,465.73	$126,900.82	$ 32,872.98
February	3,851.20	128,101.79	15,897.31
March	1,298.96	97,450.66	6,538.69
April	9,943.54	428,643.22	29,438.13
May	20,069.13	254,818.77	40,890.99
June	22,471.62	248,237.01	25,552.69
July	32,216.30	288,570.51	16,306.95
August	55,323.16	239,518.46	24,769.93
September	85,567.28	377,136.41	60,102.55
October	18,695.22	370,103.47	40,383.48
November	36,767.94	260,200.57	29,813.95
December	58,974.24	417,350.92	47,820.26
January, 1954	5,365.61	204,461.09	21,548.38
February	8,063.92	169,636.16	15,049.88

FEDERAL CIVIL SERVANTS, 1944-53

Mr. Balcom:

What was the total number of federal civil service employees as at March 31, 1944, 1945, 1946, 1947, 1948, 1949, 1950, 1951, 1952, 1953?

Mr. Dickey:

March 31, 1944	112,658
March 31, 1945	115,908
March 31, 1946	120,557
March 31, 1947	125,337
March 31, 1948	118,370
March 31, 1949	123,924
March 31, 1950	127,196
March 31, 1951	124,580
March 31, 1952	131,646
March 31, 1953	131,164

FEDERAL CIVIL SERVANTS, MARCH 31, 1951-52

Mr. Balcom:

What was the number of civil servants as at March 31, 1951 and March 31, 1952, in each of the following departments: (a) labour; (b) post office; (c) veterans affairs; (d) national health and welfare; (e) defence production?

[Mr. Robertson.]

Mr. Dickey:

Department	March 31, 1951	March 31, 1952
Labour	7,686	7,486
Post office	19,478	19,510
Veterans affairs	14,155	13,822
National health and welfare	2,954	3,239
Defence production	—	1,488

Note: The above include only persons classified as "temporary" or "permanent", according to the civil service regulations. Employees whose work is of a casual nature are not included.

IMMIGRANTS—MEDICAL FACILITIES

Mr. Valois:

Are any facilities provided by the government for the medical care and treatment of people from other lands who become ill while en route to Canada and who require treatment on arrival?

Mr. Robertson:

The Department of National Health and Welfare provides both out-patient and

in-patient hospital facilities at the larger ocean ports, including Halifax, Quebec, and Saint John. In addition, medical facilities are available at Sydney, Dorval airport, Gander airport and Vancouver. At Halifax and Saint John there are comfortable and well-equipped immigration hospitals at the dockside where a high professional standard is maintained. The department also provides treatment for indigent immigrants who become ill while crossing Canada en route to their destination, or while being accommodated awaiting placement.

GRAIN STORAGE—PRAIRIE PROVINCES

Mr. Bryson:

1. How much elevator space was there in each of the three prairie provinces on July 31, 1953?

2. How much wheat was estimated to be held on farms in each of the three prairie provinces on July 31, 1953?

Mr. Dickey:

1. Kind of licence	Manitoba bu.	Saskatchewan bu.	Alberta bu.
Public country elevator	41,046,600	161,778,000	107,068,850
Private country elevator	88,000	29,000	232,500
Mill elevator	1,775,000	4,916,500	3,994,000
Private terminal elevator	3,145,500	—	1,715,000
Public terminal elevator	—	11,000,000	6,100,000
Semi-public terminal elevator	3,500,000	—	—
Special annexes	160,000	1,893,410	235,500
Total licensed storage	49,715,100	179,616,910	119,345,850
Unlicensed storage	245,500	765,000	254,000
Grand total	49,960,600	180,381,910	110,599,850

2. Province	bushels
Manitoba	4,000,000
Saskatchewan	50,000,000
Alberta	23,000,000
Total	77,000,000

UNEMPLOYMENT INSURANCE FUND—FEDERAL CONTRIBUTIONS

Mr. Boisvert:

What was the contribution of the federal government to the unemployment insurance fund since the adoption of the Unemployment Insurance Act?

Mr. Gregg: From July 1, 1941 to February 28, 1954, $245,782,895.16.

COMMONWEALTH AIR TRAINING PLAN—TRAINEES FROM OUTSIDE CANADA

Mr. Knowles:

1. How many persons from countries other than Canada received training in Canada, during world war II, under the British commonwealth air training plan?

2. From what countries did such persons come, and how many in each case?

3. What was the total cost to Canada for the training of such persons, including transportation, maintenance or any other expenses paid by Canada?

Mr. Blanchette: I wish to advise the house that the answer to this same question was given on March 9, 1953, as reported at page 2730 of *Hansard*.

Mr. Speaker: Question No. 36, answered.

FISHERIES EXPENDITURES, NOVA SCOTIA

Mr. Balcom:

What money expenditures have been made by all services in the Department of Fisheries in Nova Scotia, for the fiscal year 1952-53?

Mr. Sinclair:

The total expenditures by all departments of fisheries in Nova Scotia for the year 1952-53 are as follows:

Information and educational service	$ 6,745.75
Marketing and economics service	12,343.97
Fishing bounty	86,263.40
Field services administration	55,412.77
Protection branch	592,403.29
Inspection branch	223,144.01
Fish culture and development branch	265,656.66
Destruction of harbour and gray seals	5,910.00
Fisheries research board	230,705.99
Educational work among fishermen	28,161.40
Fisheries prices support board	622.15
Assistance in construction of vessels	101,264.05
Assistance in construction of bait freezing and storage facilities	40,000.00
Total	$1,648,633.44

Questions

APPLICATIONS FOR CLOSING OF RAILWAY STATIONS

Mr. Pommer:

1. How many applications have been made in the calendar year 1953 and to March 15, 1954, by the railways to the board of transport commissioners for Canada, to close stations in Manitoba?
2. How many applications were made by the Canadian National Railways?
3. How many applications were made by the Canadian Pacific Railway?
4. What are the names of the stations in Manitoba for which applications to close have been approved in the year 1953 and to March 15, 1954?

Mr. Chevrier:

1. No applications were received in the calendar year 1953 and to March 15, 1954 to close stations. However, seven applications were received during this period to replace station agent with caretaker.

2. See answer to No. 1.

3. Nil.

4. No applications were approved to close stations but the applications to replace station agent with caretaker were approved regarding following stations:

Margaret, Manitoba
Shellmouth, Manitoba
Dugald, Manitoba
Rosebank, Manitoba

During this period one application to replace station agent with caretaker was dismissed and two similar applications are under consideration at the present time.

LIQUOR IMPORTS, 1953

Mr. Hansell:

1. What was the total quantity of the following spirituous liquors imported into Canada during 1953: whisky, brandy, rum and gin?
2. From what countries was this liquor imported, and how much from each?
3. What was the total amount of duty and excise collected on these imports?

Mr. Dickey:

1 and 2. Canadian imports by countries year 1953.

Country	Whisky Proof Gal.	Brandy Proof Gal.	Rum Proof Gal.	Gin Proof Gal.
United Kingdom	927,348	1,056	386,014	90,534
Union of South Africa	..	91,688	..	..
British Guiana	..	..	321,003	..
Barbados	..	..	83,953	..
Jamaica	..	..	137,200	..
Trinidad	..	..	56,553	..
Leeward and Windward Is.	..	..	1,134	..
Malta	..	3,086	..	..
Australia	46	59,371	10,181	..
Cuba	..	..	9,249	..
France	..	137,247	523	..
Greece	..	713	..	..
Italy	..	343	..	..
Netherlands	..	..	..	6,369
Israel	..	459	..	..
Portugal	..	18,168	..	..
Spain	..	2,146	..	..
Puerto Rico	..	..	39,974	..
Yugoslavia	..	222	..	..
Ireland	21	..	..	..
United States	1,389,873	8,218	..	78
Totals	2,317,288	322,717	1,045,784	96,981

3. Customs duty collected was as follows:—

Whisky	$29,660,897
Brandy	3,726,738
Rum	13,146,918
Gin	1,215,335
Total	$47,749,888

EXTERNAL AFFAIRS—REPRESENTATIVES ABROAD

Mr. Hansell:

In what countries does Canada maintain ambassadors or other representatives, and what is the classification of these?

Mr. Claxton: Mr. Speaker, the information requested is contained in a booklet, "Canadian Representatives and Representatives of

other countries in Canada", of which I should like to table two copies. I shall be glad to forward a copy of this publication to my hon. friend.

Mr. Speaker: Answered.

QUESTIONS PASSED AS ORDERS FOR RETURNS

WHEAT—POOL TURNOVER AND PAYMENTS

Mr. Harkness:

1. How many bushels of each grade of wheat were turned over from the 1952-53 pool to the 1953-54 pool, and at what price for each grade?
2. What was the total amount of money paid by the 1953-54 pool to the 1952-53 pool?
3. From what source, or sources, were these funds secured?
4. What rate of interest is being paid on this money?

Mr. Dickey: Return tabled.

SUBSIDIZED TRANSPORTATION SERVICES

Mr. Kickham:

1. What is the number of subsidized transportation services in Canada at the present time, both freight and passenger services?
2. What is the name and location of such transportation services and the amount of subsidy paid to each per annum?

Mr. Chevrier: Return tabled.

COLOMBO AND UN TECHNICAL ASSISTANCE PLANS —TRAINEES FROM OUTSIDE CANADA

Mr. Knowles:

1. Since the end of world war II, how many persons from countries other than Canada have received training in Canada under the provisions of the Colombo plan, the United Nations technical assistance program, or any other plan designed to assist in the development of underdeveloped countries?
2. From what countries have such persons come, how many in each case, and how many in each year since the end of world war II?
3. What is the total amount spent to date for the training of such persons, including transportation, maintenance or any other costs met by Canada?

Mr. Dickey: Return tabled.

QUEBEC SAVINGS BANKS ACT

REVISION TO CONFORM WITH DECENNIAL REVISION OF BANK ACT

Hon. Douglas Abbott (Minister of Finance) moved that the house go into committee at the next sitting to consider the following resolution:

That it is expedient to introduce a measure to provide for a revision of the Quebec Savings Banks Act in conformity with the decennial revision of the Bank Act.

He said: His Excellency the Governor General, having been made acquainted with the subject matter of this resolution, recommends it to the house.

Motion agreed to.

EXTERNAL AFFAIRS

COMPENSATION TO CANADIAN NATIONALS BY COMMUNIST CHINA

On the orders of the day:

Hon. George A. Drew (Leader of the Opposition): Mr. Speaker, I wish to ask a question of the Prime Minister. Have any steps been taken by the Canadian government to place before the government at Peking appropriate claims for redress for compensation in respect of undue hardships and loss of property suffered by missionaries and members of religious orders, as well as other Canadians, since the communist government assumed power on the Chinese mainland?

Right Hon. L. S. St. Laurent (Prime Minister): I shall take note of the hon. member's question and make inquiries. I could give an immediate answer, but I would wish to be absolutely sure that my answer will be accurate.

Mr. Drew: I might add, since the Prime Minister is taking this as a notice, that I have raised the question because I understand other representations are being made with regard to the fact that the Peking government will be for the first time meeting a number of other governments during the present month.

TRADE

PROSPECTIVE AGREEMENTS WITH SPAIN AND PORTUGAL

On the orders of the day:

Mr. Donald M. Fleming (Eglinton): Mr. Speaker, in the absence of the Minister of Trade and Commerce (Mr. Howe), I should like to ask his parliamentary assistant a question in the light of the report that a Canadian trade mission is being sent to Spain and Portugal with a view to negotiating bilateral trade pacts with those countries. What instructions are being given to the Canadian trade mission with respect to finding an export market in those countries for Canadian wheat, codfish and other products?

Mr. J. H. Dickey (Parliamentary Assistant to the Minister of Defence Production): Mr. Speaker, in the absence of the minister, I shall take the question as notice, and try to have an answer for the hon. member.

Inquiries of the Ministry

POSTAL SERVICE

DELAY IN MAIL DELIVERIES, TRURO, N.S.

On the orders of the day:

Mr. G. T. Purdy (Colchester-Hants): Mr. Speaker, I should like to ask a question of the Postmaster General. This question is based on the fact that, since the inauguration of the 40-hour week, people in certain parts of the hub of Nova Scotia are receiving their mail five hours later than usual. The question is this; Will the Postmaster General take steps to see that the mail service given to residents in that area served by the street delivery system at the town of Truro, which is the hub of Nova Scotia, be at least as good as it was before the increase in the postal rates.

Hon. Alcide Cote (Postmaster General): Mr. Speaker, I shall look into that matter.

CIVIL DEFENCE

REPORTED TEST EVACUATION

On the orders of the day:

Mr. Claude Ellis (Regina City): Mr. Speaker, I should like to ask a question of the Minister of National Health and Welfare. In view of Saturday's press report that civil defence authorities are planning a test evacuation of one minimum-sized Canadian city—possibly Regina—could the minister tell the house whether these reports are correct and, if so, what city is being considered, and what steps have been taken in the planning of such a test?

Hon. Paul Martin (Minister of National Health and Welfare): I would call the hon. member's attention to my statement of Friday last on this matter. I believe if he will kindly do so he will see that my reply must be that no such decision has been taken in the particular noted in the question.

CANADIAN NATIONAL RAILWAYS

SLEEPING CAR SERVICE, SAINT JOHN-HALIFAX

On the orders of the day:

Mr. Thomas M. Bell (Saint John-Albert): I should like to ask a question of the Minister of Transport. Is he in a position to make a statement regarding the rumoured intention of the Canadian National Railways to discontinue their overnight sleeping car service between Saint John, New Brunswick, and Halifax?

Hon. Lionel Chevrier (Minister of Transport): I thank the hon. member for having given notice of his question. The management of the railways advise as follows:

The company has found it necessary to re-examine the economy of local passenger trains generally. In this particular case, the overnight sleeping car service between Saint John and Halifax necessitates the running of an additional train between Truro and Moncton, and the earnings on that service have not been remunerative. The average utilization of the sleeping car is 12 passengers per day and that occupancy falls far short of meeting operating costs.

As a measure of economy, in view of continuing lack of patronage, the train between Truro and Moncton is being discontinued and accordingly the sleeping car service between Saint John and Halifax will also be taken off.

Mr. Bell: May I ask, as a supplementary question, whether this matter was considered in committee?

Mr. Fulton: We did not know about it.

Mr. Chevrier: So far as I can remember, although I note that the press clipping my hon. friend sent me stated that it would be taken up, while I was there most of the time there was no question asked along these lines.

Mr. Fulton: We had no notice of it in committee.

GRAIN

REQUEST FOR LOW INTEREST LOANS ON FARM-STORED GRAIN

On the orders of the day:

Mr. H. A. Bryson (Humboldt-Melfort): I should like to ask a question of the Minister of Trade and Commerce (Mr. Howe), or, in his absence, the parliamentary assistant. Has the government received a request from the government of Manitoba that low-interest loans be made to farmers on farm-stored grain? Does the government intend to reconsider its attitude against loans of this nature?

Mr. J. H. Dickey (Parliamentary Assistant to the Minister of Defence Production): The hon. member was good enough to send notice of his question to the minister's office. In the minister's absence I would tell the hon. member that I will bring the question to the minister's attention, and he will deal with it at a later date.

CRIMINAL CODE

REVISION AND AMENDMENT OF EXISTING STATUTE

The house resumed, from Friday, April 2, consideration in committee of Bill No. 7, respecting the criminal law—Mr. Garson—Mr. Applewhaite in the chair.

On clause 165—*Common nuisance.*

The Deputy Chairman: On Friday evening the committee was considering clause 165, and the amendment of the hon. member for The Battlefords. I would point out that if hon. members wish to check the wording of the amendment they will find it at page 3644 of *Hansard.*

Mr. Campbell: Mr. Chairman, in discussing the amendment to the Criminal Code which was proposed by the hon. member for Prince Albert on Friday evening, it seemed to me that the Minister of Justice showed some willingness to co-operate in the matter, and to try to find some method of handling this whole question of pollution. In his criticism of the amendment offered by the hon. member for Prince Albert, the minister said:

The Deputy Chairman: I would suggest that the hon. member for The Battlefords might perhaps wait for a moment until there is enough silence in the house for the Chair to hear what he is saying.

Mr. Campbell: Thank you, Mr. Chairman. I was saying that in the minister's criticism of the amendment moved by the hon. member for Prince Albert on Friday night the minister said, as reported at page 3631 of *Hansard*:

> . . . if my hon. friend adopts a broad enough wording to really provide a solution to this problem, and we put such broad wording into the Criminal Code, which has to have general application to the Dominion of Canada from coast to coast, then I wonder what would be the position of most of the municipalities and a large number of the industries, for example, on the Ottawa river and the St. Lawrence river system under this section which my hon. friend is proposing to move.

Later on, at page 3632, the minister had this to say:

> I am trying to confine my remarks to the western problem we are discussing. I think the hon. member for The Battlefords is quite right in this, that if the solution which we provide for the North and South Saskatchewan rivers were to take the form of an amendment to the Criminal Code it would be a solution which would automatically have to be applied to all the other rivers in Canada. And, in judging what we should do in that regard, we must keep that point in mind.

Well, Mr. Chairman, I did make the suggestion during the course of the minister's remarks that we should make the act applicable to all of Canada. I realize the difficulties we would be up against if the act were amended in the way suggested by the hon. member for Prince Albert. I fully realize that there are no doubt thousands of industries all over Canada which are now polluting the waters of our beautiful rivers, and for that reason the amendment has been worded so that the act would apply only to interprovincial rivers. To clarify that point I wish to read the amendment again. My suggestion was that the clauses be renumbered and a new clause be inserted reading as follows:

> Every one who, by himself, his agent or employee, places or discharges, or causes to be placed or discharged, or suffers to be placed or discharged, in, upon or near, springs, lakes, streams or rivers, any industrial waste or any other polluting material of any kind whatsoever, which either by itself or in connection with other matter may corrupt or impair the quality of the water thereof in another province or render such water in such other province unfit for accustomed or ordinary use is guilty of an indictable offence and liable to imprisonment for two years, or a fine of not less than $2,000.

This amendment, Mr. Chairman, would overcome the objection raised by the Minister of Justice who, later in his remarks, as reported at page 3631 of *Hansard*, had this to say:

> But what I do suggest is this, that when my hon. friend says there is no offence in Bill No. 7 which covers this act, I would refer him to clause 165 which provides:
>
> "Every one who commits a common nuisance and thereby
>
> (a) endangers the lives, safety or health of the public, or
>
> (b) causes physical injury to any person
>
> is guilty of an indictable offence and is liable to imprisonment for two years".

The minister continues:

> "For the purposes of this section, every one commits a common nuisance who does an unlawful act or fails to discharge a legal duty and thereby
>
> (a) endangers the lives, safety, health, property or comfort of the public, or"

The hon. member for Prince Albert then asked:

> What is the unlawful act, or what is the legal duty?

The minister replied:

> The unlawful act, among other things, would be the breach of the statute which the hon. member for The Battlefords read a moment ago—by discharging the effluent into the river, in contravention of a statute of the province of Alberta or regulations passed thereunder. That would be an unlawful act beyond question, if we did not go on and deal with other aspects of the crime of a common nuisance and indicate that anything which was done in contravention of the public interest might, in itself, apart from being in contravention of the statute be regarded as an unlawful act.

The minister then went on the deal with another matter and it seemed to me that the committee was left up in the air as regards this. Apparently the minister was

trying to adduce the argument that section 165 did give protection and did provide that it would be an unlawful act to endanger the lives, safety, property or comfort of the public, and the implied suggestion of the minister, as I took it, was that action could be taken under this section. However, he did not clarify his statement, nor did he make a positive statement that under section 165 of the Criminal Code as it now stands it would be an unlawful act to pollute the waters of the Saskatchewan river.

Later in the debate the hon. member for Rosthern, dealing with clause 165, had this to say, as reported at page 3641 of *Hansard:*

> Obviously this matter should be dealt with under "nuisances". I say to the minister that if there is any doubt about this being covered under the "nuisance" clause that doubt should be cleared up. However, I do not think there is any doubt in my own mind that it is covered. If there is any doubt, then there should be no question about its being covered; because surely it should be a criminal offence to pollute the waters of a great river like the Saskatchewan so that the people cannot use it for drinking purposes, and so that those unfortunate people in mental hospitals or the provincial hospital at Battleford, who have no means of defending themselves, have to drink water that is practically undrinkable.
>
> That is something that would certainly be a crime; and if there is any doubt about it, it should be made a crime. It is an interference with the health, safety and rights of the public who will use the water of a great river like the Saskatchewan river. I suggest with all deference that if it is not definitely a crime today, then parliament should make it a crime, because there can be no doubt of our competence under the constitution to declare it a crime.
>
> However if it is fully dealt with, as the minister and the law officers of the crown are satisfied, so that action can be taken under the Criminal Code, there should be no need for an amendment. But I repeat that if there is any doubt I would strongly urge the minister to consider an amendment to section 165 to make it very clear that people do not have to go to court and get an injunction before it could be declared a crime under this section. If it is not clearly a crime or an offence under the appropriate section of the Alberta statute—as I think it is—which would bring it under section 165, then I suggest consideration should be given to making it very clear that it is an offence.

Later in the debate, as reported at page 3643, the hon. member for Rosthern said:

> Before the question is put I should like to have the minister give an opinion in regard to what I put before him.

Again, in the next column, the hon. member for Rosthern stated that he wanted an answer to his question. That question was as to whether section 165 was effective as it stood, and I do not believe the Minister of Justice answered that question.

I agree with the hon. member for Rosthern that this matter should be made crystal clear in the Criminal Code. The mere fact that the Canadian Chemical Company was willing to take a chance that this legislation could not be used against it, and the fact that the counsel for the city of Prince Albert, if my information is correct, did not consider that they could take action under the code as it is, would indicate some doubt as to its effectiveness. I should like the minister to make a statement now and give this house a positive assurance that section 165 as it now stands makes it an offence to pollute the waters of this river.

If a man robs a bank there is no question about the Criminal Code being competent to put him in jail for a long period of time, and what we want in the Criminal Code is that when any industry robs people of their drinking water the act should be made crystal clear and state that such an act is an offence.

There is one question I want to ask the minister. Have there been any prosecutions under this act and, if so, how many have been successful? Was the act written with any idea whatsoever that at any time in the future it should have the power to deal with the pollution of the rivers?

The Deputy Chairman: Is the committee ready for the question on the amendment?

Mr. Garson: If there are any other members who would like to take part in the debate, I should be glad to keep my seat until they have finished so that I can cover at one time all the questions which are raised. Otherwise I can go on now.

Mr. Campbell: There is one other matter which I should like to mention, if the minister would rather answer the questions later on. The minister spoke about what was being done by the international joint commission. I think he mentioned that the solution might be to set up some kind of board that would have similar powers. Another suggestion he made was that the prairie waters control board might be given further powers and additional scientific members who would have knowledge of the particular problem. I think there is a good deal of merit in that suggestion. I do not know who the member of the government is on the board representing the Dominion of Canada but I think that the white fathers' representative here might consider seriously calling this board together or calling the representatives of the provincial governments together—perhaps the western provincial governments only—to discuss this problem and to see whether they cannot work out some suitable solution. I think this is a worth-while idea. I do not want to develop it further.

However, there was one further thing I wanted to say and it is this. The people of Prince Albert wrote to a number of the

members of the House of Commons and to the ministers asking for their support in getting this matter cleared up. One of the members to whom the letter was written was the hon. member for Meadow Lake. The town council of Battleford wrote to the hon. member for Meadow Lake and they asked him to support me in my efforts to have something done here in Ottawa. I spoke to the hon. member for Meadow Lake a few days ago, told him that I would be raising this matter and that I hoped he would give me some help.

By the way, I want to pay tribute to the hon. member for Rosthern for the contribution that he made the other evening. I know that the people back home will be glad that he made that contribution. Incidentally, I want to say this before I put this letter on the record. If the minister can satisfy me that this section 165 will do what we want it to do, namely give our people protection, then I would be satisfied to withdraw the amendment. Or if the minister will agree to make it crystal clear in the section that the section will cover the pollution of any interprovincial river, I would be quite happy. As I said the other evening, I do not want to try to change these laws in order to make them effective. That is the business of the minister and his department. As I said when I started, he showed some willingness, I thought on Friday, to co-operate in this matter. I am perfectly willing to co-operate if the government will bring in an amendment to this section or will make it crystal clear that this section will give our people protection.

Another question that I intended to ask but did not is this. Could the city of Prince Albert take out an injunction against this company if it started to pollute the river again? The minister can take that question as notice. I now want to put this letter on the record. It is written by the hon. member for Meadow Lake to Mr. L. Pleasance, town clerk, Battleford, Saskatchewan, is dated February 8, and reads as follows:

Dear Mr. Pleasance:

Thank you for your letter of February 3 received this morning. I wish to thank your council also for bringing this matter to my attention. As a matter of fact legislation is already in effect to prevent the dumping of wastes in the rivers of Canada.

I do not know where he gets that. The letter continues:

This is federal legislation to protect the fisheries of the country, but in all cases action concerning it is taken by the provincial governments concerned. This has been the case since natural resources were returned to the provinces some years ago and they have full jurisdiction over any waters or resources within their provincial boundaries. This being the case and elimination of the trouble the desired result, there is no more point in Mr. Campbell introducing a resolution or bill in this house than there would be for some private member to introduce one in Washington, London or Cape Town, except for its political value.

It is obvious from your letter that neither you nor your council were aware that the federal government had no jurisdiction in this matter and that it was the sole prerogative of the province or provinces concerned. You are in touch with government matters much more closely than the ordinary citizen who likely will know even less of such matter. It would appear that Mr. Campbell is counting very largely on this situation in bringing in his proposed resolution to convey the impression through his motion in the house, that in some way the federal government is not living up to its responsibilities, or just declines to do anything about this situation. The waters of the Saskatchewan river within that province are the sole responsibility of the government at Regina. The federal government has no more jurisdiction in this matter than your town council, and the debating of any resolution concerning its pollution in the House of Commons is of no more material help than such a debate would be in your council.

I cannot say that such a debate in the house would not be helpful to Mr. Campbell's party, especially in view of the fact that so few people are properly informed as to where responsibility lies. The provincial member for The Battlefords could well bring in a bill of this kind in the coming legislature and he should be vigorously supported by the provincial member for Prince Albert. This, of course, may not be quite so desirable from a political standpoint, but could be very helpful in a material way.

To look all the facts of this matter squarely in the face, the Saskatchewan government is not exactly in the driver's seat. The pollution is occurring in Alberta and any directives to the plants, remedying the trouble, must necessarily be issued by the government of that province. Alberta is particularly interested in attracting industries to it at this time. It does not want to put any obstacles in the way of industries locating there. The pollution in question is not affecting any sizeable communities in Alberta and when the decision has to be reached between having happy Alberta industries or unhappy critics in Saskatchewan, they choose the former and let Saskatchewan howl to high heaven. This makes it all the more a matter for negotiation and at the top level, between the governments of Saskatchewan and Alberta.

Alberta could stop this pollution in five minutes, if it so wished. All they have to do is tell the plant to close down until such time as they have proper disposal facilities. The adjacent province of British Columbia, which has fifty times the waste dumped in its rivers, has to do something about this situation within its border, because the rivers flow mostly in their province from beginning to end and affect large communities all the way down to the sea. The moment objectionable pollution occurs in that province, the offending plant is closed down forthwith, until they provide adequate settling pools or other purifying facilities before the wastes are dumped into the river. Industries know this in that province and they provide the facilities before they start operations.

In the light of these facts Mr. Campbell's political zeal in these circumstances is quite understandable.

I will be pleased to contribute my two cents' worth to the debate as you suggest, whenever it occurs,—

Some hon. Members: Oh, oh.

Mr. Knowles: Inflation.

Mr. Campbell: The letter continues:

—but I do not think your salvation lies in this direction. I will be in Saskatchewan later this week, but I do not think the debate will occur for some time yet and I will be pleased to take part in it. Certainly I can speak with some authority as to the quality, smell and taste of the water. Connected with the oil business as I was for some years, I have had many inadvertent gulps of everything from kerosene to diesel fuel. I can emphatically say that I prefer them decidedly. I have never tasted anything more horrible than what has been distributed in your area as water.

In the absence of immediate relief from your troubles, I would suggest that you move your whole community to the pure air and sparkling water of the Meadow Lake riding. There you will be in the tremendous watershed of the Churchill, whose unfathomed waters defy pollution. From our own selfish standpoint we would be pleased indeed to have our population augmented by such good people as yourselves.

With kindest personal regards to you and your town council, I am,

Yours sincerely,

John H. Harrison,
Member for Meadow Lake.

Mr. Herridge: Mr. Chairman, I think you will agree that I have been most restrained so far in this debate, but this is a question in which I have been interested for many years and I wish to say a few words on the amendment. I was rather surprised to hear the letter just read by the hon. member for The Battlefords, and having heard it I would judge that the hon. member for Meadow Lake rather imputed motives to the hon. member for The Battlefords. If there is one member in this house who can be considered as taking a non-partisan view when he is dealing with matters affecting the people of his whole constituency, regardless of their party interests, I think it is the hon. member for The Battlefords. Strangely enough, I have just been reading the Saskatoon *Star-Phœnix*, and apparently the people of The Battlefords have an entirely different opinion. In order to correct any false impression that may be created by the most unfortunate and ungentlemanly letter that has just been read, I should like to quote briefly from an issue of the Saskatoon *Star-Phœnix* of recent date. The heading of the article is "Back Efforts to Put Stop to Pollution". The article reads as follows:

Efforts of Max Campbell, M.P. for The Battlefords, to have the federal government take action to halt pollution of the North Saskatchewan river, received support from three different sources here in the last few days.

Hall Clink, president of the local Liberal executive, announced Monday that a letter had been airmailed to Hon. Paul Martin, minister of health, urging immediate government action. A. J. Bater, former Liberal M.P. for The Battlefords, has also taken up the cudgels on behalf of people of Battleford.

From his home at Baljennie, Mr. Bater informed the *Star-Phoenix* by telephone that he was also supporting the move for federal action and was writing to Ottawa to this effect. He described the situation as "deplorable" and said that a number of his neighbours, who derive their water supply from the river, were also affected.

The Battleford board of trade wired Mr. Campbell at the week end that they were supporting him in his fight for federal action and as a token of gratitude for his efforts on behalf of this town, had named him honorary president of the board.

The editorial goes on to commend Mr. Campbell, and I am quite sure that everyone will agree that the letter written by the member for Meadow Lake to the town of Battleford was entirely uncalled for and most unfair. Having got that off my chest, I want to say a few words on this subject, and I am particularly pleased to see that the Minister of National Health and Welfare is listening closely.

Mr. Martin: I was going to point out, now that the hon. gentleman has had his opportunity to commend the hon. member for The Battlefords, that I hope he will not fail to recall the ruling made by you last Friday, Mr. Chairman, namely, we are not discussing whether or not the government of Canada has done its duty in this matter but whether or not a particular amendment is to be rejected or accepted. Thus far I am sure I would have strong grounds for taking part in this debate and defending the position that we have taken, but I would hope that the hon. member, having had the opportunity to commend his colleague, will, with the rest of us, stay in order.

Mr. Herridge: I can assure the minister that my commendation is a purely spontaneous movement, you might say. I am speaking to the amendment, and as a result of my personal experience in this matter I want to advance some arguments in support of the amendment because I believe that the legislation we have on the statute books at the present time does not meet the situation. I shall be very interested in listening to the minister's reply to the question put by the hon. member for The Battlefords, and I trust that the minister will be able to assure the house that action can be taken under the Criminal Code or that something can be done to get a national approach to this question through the water resources board or something of that sort. If so, the debate will have been worth while.

I think the debate has focused attention on a very important question, one of long standing that affects not only the prairie provinces but all provinces of Canada. As I see it, the pollution of water is one of the most noxious weeds of industrial development in any community. Of the three media of pollution, land, air and water, pollution of water is the most damaging and the most dangerous to

mankind. That is why I think we are justified in taking a little time to discuss this clause and the proposed amendment.

Unfortunately there are too many people today who are not aware of the situation. They are not directly concerned with it and possibly think that pollution is not something that is going to affect them seriously in their lifetime. Strangely enough, when you read the history of the British Columbia Indians you find that the Haida Indians, the coastal Indians, hundreds of years ago made pollution of any stream a criminal offence under their code punishable by death. We are not seeking punishment by death, but that does indicate a better understanding of the problem than many people have today. That is why the hon. member for Lake Centre and the hon. member for The Battlefords have suggested amendments that would at least put some teeth in the present law.

I think one or two members have made some reference to this matter being a prairie problem, but I am quite sure that it is a national problem. It is also a considerable problem in British Columbia, and that is why I support the amendment. We have pollution of the waters of the north arm of the Fraser river making the water unfit for drinking and affecting the beaches, according to reports prepared by officials of the federal government in connection with the Fraser river—I forget the exact name of the board.

Mr. Fulton: Dominion-provincial board, Fraser river basin.

Mr. Herridge: I thank the hon. member for Kamloops for informing me. Pollution is causing contamination of shellfish so that they cannot be used and in certain areas it affects water for irrigation purposes because it causes a closing of the pores and the water will not penetrate through the soil. Vancouver and Victoria harbours are also affected by pollution.

In the interior of British Columbia we have pollution caused by the mining companies, about which a number of us have been concerned for some years. It has made the water unfit for domestic use, destroyed the fish in some of our streams, and in one case actually damaged a power plant through the erosion of the working parts by particles contained in the water. We have pollution by lumber companies caused by sawdust, shavings and slabs which affects the quality of the water for domestic purposes in some cases. It is injurious to fish and on occasion a danger to small craft so far as navigation is concerned.

What legislation have we in effect at the present time? We have the British Columbia health act and the British Columbia water act. Under this legislation the officials, in my opinion, have been doing a very good job in recent years but their scope is limited. Officials of the British Columbia provincial service have told me that we will never have effective control of the pollution of our rivers in Canada until we have some federal action and treat it as a national problem.

So far as federal legislation is concerned, certain clauses in the Fisheries Act make it possible to prevent pollution. Then there are the Migratory Birds Convention Act, the Navigable Waters Protection Act and the Canada Shipping Act, all of which contain clauses dealing with the question of pollution of rivers, lakes, streams and so on. I understand there are also certain regulations passed by the Vancouver harbour board and bodies of that kind.

But regardless of all this legislation, provincial and federal, pollution of water in Canada is increasing daily, and I think it is largely because the unrelated efforts to control are ineffective. As a result, violations are general, and I know of very few prosecutions.

In support of my argument supporting the amendment moved by the hon. member for The Battlefords, I should like to quote from a speech made by Mr. P. A. Larkin, chief fisheries biologist of the British Columbia game commission, at a recent conservation conference, that is the annual conference held in Victoria for the discussion of the conservation of natural resources. I might say that other officials have said almost the same thing to me, officials of the federal departments of transport and fisheries and the Department of National Health and Welfare. This is what Mr. Larkin has to say, and I give three quotations from his speech:

> We feel that there should come a day, if we plan properly, when it is accepted that no pollution will exist without the permission of a responsible authority and that such permission has been given in the public interest in accordance with sound principles of resource use planning . . .

Then he says:

> The existing legislation consists of a number of federal and provincial statutes which are designed to serve special interests of a particular resource. As such, while they are effective to a certain degree as preventive measures, collectively they are overburdened with overlapping provisions and they are completely inadequate as instruments of achieving our objective of planned water use. They should be replaced by broad legislation which would observe the necessary dual purpose of protecting special interests where it is desirable to do so, and at the same time, assuring the general purpose, of proper water use.

Then the last quotation from his speech is as follows:

> The panel has noted the trend in most advanced countries and states toward the creation of a single

agency to control and abate a particular type of pollution, for instance, water pollution, in a geographical area.

Now, Mr. Chairman, I think this gentleman explains the situation very well, after a lengthy experience in dealing with the question of water pollution in British Columbia. I, therefore, support the amendment moved by the hon. member for The Battlefords. I am very interested in what the minister is going to say in reply. In addition, I feel it is time to do something to make it a criminal offence to destroy these great natural resources. As the hon. member for The Battlefords has said, when a man robs a bank he gets a few years in jail. He can rob us of our use of these great natural resources, as many of these industries are doing today, and he goes scot-free.

I suggest we should have an amendment of this type in the Criminal Code, unless the minister can assure us that we are already protected and action will be taken. In my opinion, too, there should be a national conference on this subject, and this is an idea that I have expressed before, between the federal and provincial governments to work out a plan for the national conservation of our forests, land, soil and water use.

Mr. Garson: The remarks I shall make this afternoon will be, to a large extent, a repetition of what I said on Friday last. I make no particular apology for them in that respect because I believe some of the opposition arguments that have been made today are a repetition of what was said on Friday last. I was much taken with the last quotation of the last speaker. Although he said he was giving a quotation to support the amendment moved by the hon. member for The Battlefords, I could not help but feel, while listening to this excellent quotation, that I was in agreement with it; for this quotation really supports the solution to this Saskatchewan river pollution problem which I was advocating on Friday last.

Whatever value a criminal provision may have in this connection, we must all be agreed that the best way to prevent pollution is to prevent it instead of punishing for committing the offence of pollution. And the best way to prevent it, as the hon. member for Kootenay West has just said in this quotation, is to set up a single agency dealing with the question of pollution in that area. The area about which we are talking is the area of the prairie provinces tributary to Saskatchewan rivers. But in agreeing that this is the proper way to do the job I am not saying that there should be a total absence of provisions in the Criminal Code making pollution an offence. I do suggest that of the two methods, the setting up of an agency, with real authority so that no industry could put any effluent into a river without first getting a permit from the authority, is the really practical, orderly and sensible solution of this problem. I feel that both speakers this afternoon, the hon. member for The Battlefords and the hon. member for Kootenay West, agree with that view. Certainly, no other conclusion can be drawn from the remarks that they have made.

The hon. member for The Battlefords says that he is only going to deal with interprovincial rivers and thereby avoid creating the apprehension I voiced last Friday as to the probable adverse effect of the amendment which was then moved by the hon. member for Prince Albert, upon the industries and municipalities tributary to the Ottawa and St. Lawrence rivers. I should have thought that both the Ottawa and the St. Lawrence river systems were pre-eminently interprovincial rivers, and that if we applied the language of the amendment of the member for The Battlefords to them we would have the following absurd result. This amendment, says in part:

> Every one who, by himself, his agent or employee, places or discharges . . . in, upon or near . . . rivers, any industrial waste or any other polluting material of any kind whatsoever which either by itself or in connection with other matter may corrupt or impair the quality of the water thereof in another province or render such water in such province unfit for accustomed or ordinary use is guilty of an indictable offence . . .

What would happen on the Ottawa river, for example? If an industrial plant on the Ontario side up river from a municipality put effluent into the river which would have these results, then it could be prosecuted for the bad effects upon the Quebec side but it could not be prosecuted for the bad effects on the Ontario side. If the effluent were put in on the Quebec side, then the plant could be prosecuted for the effects on the Ontario side but not on the Quebec side. Now, that really is a Gilbert and Sullivan result if there ever was one.

Mr. Campbell: The provinces have the power to deal with pollution within their own borders.

Mr. Garson: Certainly they have. That is the very point I have been arguing. It is not in criticism of the hon. member for The Battlefords that I am citing this as an example of the great difficulty of providing a solution for the problem in a Saskatchewan river in western Canada without having on the statute books a provision which would be quite embarrassing to established industries, communities and the like in eastern Canada.

We must remember this provision must be of general application throughout Canada. In this regard the difference between the east and west is this. Although pollution is involved in both cases, in the one case we are dealing with the first noteworthy and extensive act of pollution that has taken place upon the Saskatchewan river whereas in the case of the St. Lawrence and the Ottawa rivers, we have a condition now in which there is a considerable measure of pollution which has extended over a considerable period of time on the part of both industries and municipalities. The literal application of an amendment such as the one we are discussing would create many complications, which I am sure the hon. member for Prince Albert and the hon. member for The Battlefords have not taken into adequate account at all.

Now as responsible parliamentarians, these are matters of which we must take note. For these reasons I think my hon. friend's amendment would be an unwise provision to put into the Criminal Code. Amongst other things it would produce really an absurd result that although an industrial plant on the Ontario side of the upper Ottawa river put an effluent into the river that polluted it, the people in Ontario could not prosecute, but the people across in Quebec could prosecute for it. For the same act, the same offender, the same river, the people affected could or could not prosecute depending upon whether they lived in Quebec or Ontario. One group in Quebec would have the right of prosecution. The other in Ontario would not. And if the offending plant were in Quebec the same sort of result would follow vice versa. Who could imagine a more absurd situation?

The hon. member for The Battlefords made himself very clear, and I think he was fair in the attitude that he took. He says that all he is concerned about is having an enforceable provision. Upon reflection I do not think that he would claim that his amendment would constitute such. He rather questioned—he did it very tactfully and was very courteous, I must say—the validity of the opinion which I had expressed on Friday last that clause 165 dealing with a common nuisance was one that could be invoked in a case of pollution of this type. If I understood him rightly—I did not hear him too well at this point, and I hope he will correct me if I am wrong—he said that some person in Prince Albert had given an opinion that clause 165 could not be invoked in connection with the recent matter which arose in western Canada.

In that connection, Mr. Chairman, I think I should draw a distinction between the giving of an opinion upon the facts of a certain case, especially a case the facts of which one does not have, and I have never even seen that opinion—perhaps my hon. friend has—on the one hand, and on the other hand the stating, as my hon. friend is now asking me to state, what the effect of a clause of this kind is. The opinion which is given on the facts of a certain case and the negative opinion at any one point of time that they cannot use clause 165 may be based not upon the fact that clause 165 is not a good workable clause. But at that given point of time the counsel who was asked may say: "I do not think you have the evidence that would support a charge under clause 165 or any other clause, in the law now, or that can be imagined, because you have not here the evidence to prove this case." During the earlier discussions of this matter it was agreed by common consent on both sides of the house that the real point of the matter was that no sufficient evidence had been established.

The scientists and engineers of my colleague, the Minister of National Health and Welfare, had been out there trying to get the evidence. At that time they did not have it. Now, the opinion given at that time would be clearly to the effect that they could not use this clause of the act and the reason was that they did not have evidence to prove a case. That is a very different thing from saying that the clause is unworkable.

I said that under clause 165, in the language of that clause:

> Every one who commits a common nuisance and thereby
>
> (a) endangers the lives, safety or health of the public, or
>
> (b) causes physical injury to any person,
>
> is guilty of an indictable offence and is liable to imprisonment for two years.

This, as it happens, is the same penalty that my hon. friend has named in his proposed amendment, except that he goes on to say: "or a fine of $2,000." But if the accused is a corporation it can be punished under this Bill No. 7 in an amount, not of $2,000 but in a completely unlimited amount if found guilty.

Then the clause goes on to define the common nuisance:

> For the purposes of this section, every one commits a common nuisance who does an unlawful act or fails to discharge a legal duty and thereby
>
> (a) endangers the lives, safety, health, property or comfort of the public, or
>
> (b) obstructs the public in the exercise or enjoyment of any right that is common to all the subjects of Her Majesty in Canada.

In our discussion of last Friday the question was raised by, amongst others, the hon. member for Rosthern, as to what was the unlawful act that would constitute one of the indispensable ingredients of this offence of a common nuisance, and I said then that it could be a breach of the Alberta statute, either the section which my hon. friend from Rosthern named or another one which I quoted in my remarks and which I will not read again today to the effect that in the province of Alberta, under the regulations of their health act, it is contrary to those regulations to discharge certain effluents into the river. But I also said this—I think the hon. member for The Battlefords quoted it this afternoon—as reported at page 3631 of *Hansard*:

> The unlawful act, among other things, would be the breach of the statute which the hon. member for The Battlefords read a moment ago—by discharging the effluent into the river, in contravention of a statute of the province of Alberta or regulations passed thereunder. That would be an unlawful act beyond question, if we did not go on and deal with other aspects of the crime of a common nuisance and indicate that anything which was done in contravention of the public interest—

Not of the statute—

> —might, in itself, apart from being in contravention of the statute be regarded as an unlawful act.

Now, let me give my hon. friend some examples of that. One of the best of these is the judgment of the then Mr. Justice Rinfret, now the Chief Justice of Canada, in the Supreme Court of Canada in Groat *v.* the City of Edmonton, 1928 Supreme Court Reports at page 522. Mr. Justice Rinfret, as he then was, said this at page 532, and I think this has a quite close bearing upon what we have been discussing:

> The right of a riparian proprietor to drain his land into a natural stream is an undoubted common law right, but it may not be exercised to the injury and damage of the riparian proprietor below, and it can afford no defence to an action for polluting the water in a stream.

Is not what we are discussing the discharge into the river of an effluent which pollutes the water for the downstream proprietor? Listen to this.

> Pollution is always unlawful and, in itself, constitutes a nuisance.

That is without the Alberta statute, and without the Alberta regulations and without the federal Fisheries Act. Some of my hon. friends of the C.C.F. party who have spoken have said that the discharge of the effluent into the river was contrary to the federal Fisheries Act. If it was, it is certainly an unlawful act within the meaning of clause 165(2) which we are discussing. But regardless of whether the pollution complained of is contrary to a statute, the case I have cited says that pollution is always unlawful and, in itself, constitutes a nuisance. How could language be more explicit than that?

That was a case in which a plaintiff claimed an injunction and damages against a defendant city with respect to the pollution of water flowing through a ravine which crossed the plaintiff's land.

An hon. Member: What act?

Mr. Garson: It is not an act; that is my point. It does not necessarily have to be contrary to an act or statute. The pollution itself is an unlawful act—and when I use the word "act" in this instance I am not referring to a statute but rather to an act that someone does, and which is either lawful or unlawful.

The point is that where an upper riparian owner pollutes the water of a lower riparian owner, apart altogether from any statute, it is unlawful; and it is also unlawful under the statute and the regulations.

Mr. Fulton: Could that not be because it was deemed that the pollution is a nuisance at common law?

Mr. Garson: Yes.

Mr. Fulton: Would that not be excluded by this provision in the code?

Mr. Garson: No, not at all.

Mr. Fulton: Why not?

Mr. Garson: As I have said on previous occasions, in drafting Bill No. 7 we have defined all the offences as being statutory offences, from this point on. But in so doing, we have drafted them in language which makes available all the case law that was formerly applicable to the common law offence of a nuisance.

I indicated that this was a case in which a plaintiff claimed an injunction and damages. I think the suggestion has been put forward during the course of this debate, although I cannot recall by which member, that there might have been an impression that, inasmuch as the effluent was discharged in Edmonton and the result was in Prince Albert, although in the same river, the problem was they could not get the Alberta authorities to take action against the accused person in Alberta.

I suggest however that that should not be a problem, because the present section 584 (b) of the existing code, which is carried forward into clause 419 (b) in Bill No. 7, says that where an offence is begun in one territorial division and completed in another, such offence shall be deemed to have been committed in any of the territorial divisions.

Now, what happens in a case of this kind? The effluent is discharged at Edmonton in

the territorial division of Alberta. If we accept the facts brought forward, it is the discharge at Edmonton which creates the common nuisance in the lower municipalities of Prince Albert and Battleford. It seems to me that it comes squarely within this provision, that the offence is begun in one territorial division and is completed in another. The common nuisance is in Prince Albert, so far as the people who are making the complaint there are concerned; and the common nuisance is in Battleford, so far as the people in Battleford are concerned. They are both caused by the discharge of the effluent in another territorial division.

That being so, I should think we would be much better off to leave the bill as it is, and not pass the amendment suggested.

However, I agree with the hon. member for The Battlefords, and the hon. member for Kootenay West, that it is a much more intelligent solution of a problem of this sort, just at its very beginning on the Saskatchewan river, for the governments concerned to get together and to set up an authority which would say whether or not a company or a municipality could discharge effluent into a river and, if so, with what conditions the discharge of such effluent would have to comply. If there were bacterial content I should think they would have to be a certain count, and if it were chemical effluent there would have to be a certain degree of dilution, and so on. Instead of fining corporations or putting people in jail, after criminal prosecutions, pollution could be prevented in this orderly manner.

However, there was one point raised by the hon. member for Kootenay West with which, in deference, I cannot agree; and that is his suggestion that notwithstanding the fact that the natural resources of the country belong, not to the federal, but to the provincial governments, there is, an overriding responsibility on the federal government to tell the provinces how they should administer their own natural resources, and what laws they should pass to this end.

If, as my hon. friend admitted, the people in British Columbia, who have most of their rivers, with the exception of the international streams, wholly within the confines of that province, cannot pass appropriate laws to take care of and to administer those rivers satisfactorily, then I cannot imagine that they are going to do any better with the federal government breathing down their necks.

I must say that if, as I once was, I were in the provincial field, I would greatly object to having the federal government tell me what should be done with regard to natural resources of the province in which I was acting.

Mr. Herridge: The minister would not object to co-operation, would he?

Mr. Garson: No, not at all; that is what I am advocating. I hope I am not putting words in my hon. friend's mouth when I say that I think the whole trend of his remarks this afternoon, and about 50 per cent of the remarks of the hon. member for The Battlefords, was in support of the idea I voiced on Friday, when I said that governments should get together and decide how they should administer their own natural resources. They are in a magnificent position to do that at the present time, for with the first appearance of serious pollution in these Saskatchewan rivers coincidental with the beginnings of great petrochemical and other industries in western Canada, this is the psychological moment for them to co-operate in the setting up of this authority, an interprovincial authority, to regulate the discharge of effluents into the river. Such an authority would be in a position to determine that which, even for competent people, would be a most intricate, nice and difficult question. I refer to a river the variation in flow of which between the low point and high point is very great indeed.

The determination of the seasonal discharges of effluents which would be possible without damaging the water supply, so that the waters of such rivers may be used to the greatest possible advantage of industries, individuals and municipalities would therefore be proportionately difficult. It is only by that type of administration that the optimum advantage will be secured. It certainly will not be secured by an amendment such as that offered by the hon. member for The Battlefords.

Mr. Harrison: Mr. Chairman, if I understand correctly, some reference has been made to me, and to a letter I wrote. I have been appearing before the committee on railways and shipping, and shall have to return to that committee, so I shall be brief.

If my understanding is correct, the letter to which reference has been made would be one I wrote in reply to a letter from the council of the city of Battleford in which they asked my support of a bill being brought in by the hon. member for The Battlefords to eliminate wastes in the Saskatchewan river.

I do not know whether the hon. member read my letter in its entirety or merely

quoted extracts, but if he did read it in its entirety, I am sure it will be appreciated and agreed that his bill should be brought in where the jurisdiction applies. I believe the minister has himself put that in its proper perspective, and I do not think there is much I can add to his argument in regard to the amendment now before the house.

I can quite understand the concern felt by hon. members opposite and their attempts to try to divert pressure from their own administration in the province of Saskatchewan. That is quite natural and it is an attitude which applies to other things besides rivers. If one watches the procedure of the provincial house in Saskatchewan it will be noted that 99 per cent of their time is spent in diverting the attention of the people of Saskatchewan to this place, and transferring their problems to the federal government. But there is nothing new in that, Mr. Chairman. As far as socialist governments are concerned, they usually attempt to transfer their responsibilities elsewhere instead of shouldering them themselves.

However, I was glad to hear the concluding remarks of the hon. member of The Battlefords. After he had argued that jurisdiction did apply in Saskatchewan, I heard him go on to say that the provinces had complete jurisdiction over the natural resources in their own province. I believe that answers the problem immediately, though I cannot understand why he then attempted to bring in the bill he did. I suggest that the town of Battleford would be far better off to have that matter discussed in the provincial house by the administration in Saskatchewan. We are not exactly in the driver's seat in this particular instance. We are in the position of having to consult with the province of Alberta where the actual pollution occurs, and the province of Alberta, as we all know, is quite within its legal rights in stopping this pollution any time it feels like doing so.

I do not believe anything better can be done than to take heed of the remarks uttered by the minister a few moments ago to the effect that these provinces should get together, and I believe they should get together at this propitious time when pollution is just beginning. However, as regards pollution in general, we do not know anything about it in the province of Saskatchewan, particularly when one considers the situation here in the east. We do not have to go more than two miles from this house to find more pollution than was ever the case in the province of Saskatchewan. If you walk down the Ottawa not more than a couple of miles you will find every kind of offal one can think of floating in the stream and we do not have that sort of thing in Saskatchewan.

I believe that is all I have to say at this time, Mr. Chairman. I believe the problem might better be discussed where something can be done about it and not here in this parliament.

Mr. Nesbitt: Mr. Chairman, I would like to ask the minister a question, not in relation to the amendment, but in regard to the clause generally. I raised this point on a previous occasion when the committee was discussing clause 163, and inasmuch as the minister last week mentioned that that section dealt with religious services I believe it might be better to raise my point under clause 165. I am not trying to obtain legal advice but I would like to ask the minister whether the following situation would be covered by this clause. I refer to the question of certain manufacturing plants and chemical companies who let loose into the air in a city or town, as the case may be, noxious odours, and gases from their manufacturing plants. They may arise from chemical processes in feed plants, and that sort of thing. I asked this question under clause 163 and at that time the minister indicated that it might come under this clause. However, I have carefully examined clause 165 and I am not certain whether the type of nuisance to which I have referred would come under that clause. The clause reads:

> (1) Every one who commits a common nuisance and thereby
> (a) endangers the lives, safety, health, property or comfort of the public, or
> (b) causes physical injury to any person,
> is guilty of an indictable offence and is liable to imprisonment for two years.

In the first instance, the question of noxious fumes descending on a community from a factory would certainly affect the comfort of the public and thereby constitute an unlawful act. The minister in referring to the pollution of water cited a case in which the pollution of the waters of a river was an unlawful act under the common law. But I am wondering if this same reasoning would apply to the pollution of the air, which is equally important in many ways for the people who live in the surrounding area. I mention this because not long ago there was a case dealt with by the Supreme Court of Canada, with which I am sure the minister is no doubt familiar, and it dealt with the McKinnon Industries Limited. In that case a florist brought an action against the industry because the fumes from the plant were

destroying his flowers and he was successful in obtaining a permanent injunction. I think the minister will agree that he was successful only because his greenhouse was there before the industry was established. But would it have been an unlawful act if the greenhouse was set up after the industry had been established? I do not think so. In other words, if a plant in a community starts manufacturing and allows noxious fumes into a community it may be extremely difficult to bring a prosecution under this particular section. It is all very well to say that one should obtain an injunction, but that is a long and expensive course to take and by the time the case reached the Supreme Court of Canada, particularly when the case concerned the offensive behaviour of a large company, several years might have passed. I believe such a situation should be covered by Bill No. 7. To re-state the question, I would like to ask the minister which clause would cover that situation.

Mr. Hanna: Mr. Chairman, on a point of order, during the course of this debate last week, and again today, reference has been made to chemical plants in Edmonton. I think it is only fair to put the record straight and state that the chemical plants referred to are at or near Edmonton. The expression "in Edmonton" seems to imply some criticism of the city of Edmonton and—

The Deputy Chairman: Order. I have heard the point being made by the hon. gentleman and I do not think it is a question which can be dealt with as a point of order. However, he has been permitted to put his correction on record.

Mr. Garson: Mr. Chairman, I am always reluctant to express an opinion upon a hypothetical question because sometimes it turns out later on that such an opinion is not supported by judgment in an actual concrete case, not because the opinion is wrong, but because the facts of that concrete case have some slight variation which produces a different result. For example, if you have the local situation in a municipality changed either by provincial or municipal law to the extent where it expressly tolerates the emission of not more than a certain amount of smoke, then that in itself would negative in most cases any liability upon the part of the accused. But take this case. Imagine a farming area which has enjoyed freedom from smoke. Suppose a factory comes along and pours a great quantity of smoke in the neighbourhood and the question arises as to whether that constitutes a nuisance. In the absence of any qualifying law that might change that situation, such as the provincial and municipal laws permitting a certain amount of smoke, I should think that would undoubtedly constitute a common nuisance. Perhaps I might cite a case which had to do with water that we were discussing previously, but it is rather on the point about which my hon. friend has asked. This is a Canadian case of Regina *v.* Brewster and Cook. I may say this was not a civil action; this was a criminal prosecution for nuisance. It was decided in 1859 but it is on the law of nuisance that we have carried along into the code as it stands today. In that case the accused were indicted for a nuisance in maintaining a dam which affected the health of people living in the neighbourhood. By the way, the citation is (1859) 8 U.C.C.P. 208. At page 212 Chief Justice Draper says this:

> It would be a strange proposition if a man could for his own profit overflow some 15,000 acres of land with nearly stagnant water, so as to render the land surrounding and adjoining uninhabitable, except at the imminent risk of health,—

Not against health but "at the imminent risk of health".

> —and to say that, having done this before they were inhabitants, they cannot complain that he is guilty of a nuisance, for they need not have come to it . . .

That is the point my hon. friend has raised.

Mr. Nesbitt: Yes.

Mr. Garson: Then the chief justice continues further down in the judgment:

> . . . The settlement of a valuable tract of land cannot be lawfully impeded or obstructed by a nuisance prejudicial to public health, any more than a public highway can be obstructed so as to prevent intercourse through the same portion of country.

That case seems to be fairly clear in point, except that it has not to do with smoke. If there is a set of facts like that, in that case they were apparently held by the chief justice of common pleas to have that result.

Mr. Nesbitt: Thank you very much.

Mr. Campbell: The city of Prince Albert and the town of Battleford have been put to considerable expense. I asked this question the other night but I did not get an answer. The city of Prince Albert has spent something over $3,000 for hauling water up to the 23rd of last month. The town of Battleford has had a drilling machine busy for some time at $100 a day. Suppose those two municipalities decided to take legal action against the Canadian Chemical Company. Does the minister think they have any hope of getting damages under the present act?

Mr. Garson: Mr. Chairman, I do not think that any person can accuse me of having

relied upon my rights not to advise the members of the house. I have almost exceeded the bounds of propriety in the frankness with which I have discussed these sections because I realize that in a bill of this sort it would be difficult to make much progress if I took the position that I would not express an opinion on any of the clauses to assist the members. But there really is a limit to which I can go. I cannot here express opinions that even indirectly might be used as a basis for civil action in the courts. That procedure would be highly improper. We cannot very well tax the legal profession in the way in which we do through the income tax, and then operate here in competition with them on the floor of parliament. If these people have these claims for damages, the thing for them to do is to consult a solicitor and get advice from him as to whether he thinks they can succeed. In that connection may I say this. The giving of advice by a lawyer to a client not to prosecute or not to sue or anything of that sort is not necessarily based upon legal points. It may be based upon common sense, strange as that might seem.

Mr. Knowles: Is there a difference?

Mr. Garson: As I indicated in earlier discussion here, as soon as the facts were known it is more than likely that an adjustment of the matter could be effected by an understanding between the parties without having court action at all.

Mr. Campbell: There is another point that I should like to bring to the attention of the minister and it is this. The city of Prince Albert, through their counsel, sought advice as to whether they could take action against the Canadian Chemical Company. The advice they obtained was that they would have to find a riparian owner in the province of Alberta who would be willing to take action himself under his own name; the farmer or riparian owner in Alberta would have to do that.

The Deputy Chairman: Order. If I understand the hon. gentleman aright, he is now discussing what civil rights of action for damages may be caused by the situation on the Saskatchewan river. I do not think anybody, including myself, has tried to narrow this discussion down too much; but I must say that we cannot go into whether or not matters of civil action have been allowed to arise on the Saskatchewan river. We must retain our perspective and focus our attention on the Criminal Code. With that point perhaps the hon. member will continue.

[Mr. Garson.]

Mr. Campbell: Thank you, Mr. Chairman. I will ask my question in a different way. Could the municipalities take action under the Criminal Code without going and finding a riparian owner in the province of Alberta to make the charge?

Mr. Garson: If my hon. friend will read *Hansard* of this afternoon's proceedings, he will see that I have already given him an answer to that question in the terms of a section of the existing bill.

The Deputy Chairman: Is the committee ready for the question?

Some hon. Members: Question.

The Deputy Chairman: The question is on the amendment. Those in favour of the amendment moved by the hon. member for The Battlefords will please say yea.

Some hon. Members: Yea.

The Deputy Chairman: Those against will please say nay.

Some hon. Members: Nay.

The Deputy Chairman: In my opinion the nays have it. I declare the amendment lost.

Amendment negatived.

The Deputy Chairman: Shall clause 165 carry?

Mr. Barnett: Before this question is proceeded with, I have one question I should like to ask the minister. I mentioned the point when I was speaking on Friday evening. I still have not been able to understand the wording of this clause, with what to me appears to be a double qualification in subsection 1 and subsection 2. In section 1 it mentions, under common nuisance:

> Every one who commits a common nuisance and thereby
> (a) endangers the lives, safety or health of the public, . . .

Then subsection 2 reads:

> For the purposes of this section, every one commits a common nuisance who does an unlawful act or fails to discharge a legal duty and thereby
> (a) endangers the lives, safety, health, property or comfort of the public, . . .

I could understand it if that section were to be set out so that subsection 2 were subsection 1 and then the present subsection 1 were labelled as subsection 2 and read:

> Every one who commits a common nuisance is guilty of an indictable offence.

But the question that comes into my mind is this. What punishment or what penalty is there for someone who endangers the property or the comfort of the public? There is provided a penalty for those who endanger

the lives, safety or health of the public, but I have not been able to see how, under that section, an offence against the property or comfort of the public is an offence subject to a penalty.

Mr. Garson: Section 165, subsection 2 defines a common nuisance. This question arises as to what kinds of common nuisance shall be subject to penalty under the criminal law, and subsection 1 says that of all the common nuisances that there can be, within the definition in subsection 2, it is those that endanger the lives, safety or health of the public that are the ones in respect of which prosecutions can be laid under this section.

Mr. Barnett: Could I ask the question in this way? What redress has a person whose comfort is interfered with?

Mr. Garson: For the purposes of the present discussion, he has not the redress of a criminal prosecution. I do not like to give these offhand statements, but he may very well have a civil action in respect of the nuisance in this other case. In other words, when the Criminal Code purports to define a common nuisance it defines it in terms of what it is and then it goes on to say that only common nuisances which affect lives, safety or health shall be open to prosecution under criminal law.

Mr. Noseworthy: On that point, why does subsection 2 (a) differ from subsection 1 (a)? Why are they not the same?

Mr. Garson: Well, that is what I just finished explaining.

Mr. Noseworthy: Nobody understands it.

Mr. Garson: I will take it by steps. First of all we ask ourselves the question: What is a common nuisance? The answer to that is in subsection 2. The next question is: What kinds of common nuisance can be the subject matter of criminal prosecution under this section? The answer to that is in subsection 1.

Mr. Noseworthy: Then although endangering property or comfort of the public is a common nuisance it is not indictable under this section?

Mr. Garson: That is right. If you endanger my property it is a common nuisance, and, depending upon the circumstances, I may very well have a good action for an injunction and damages. But in this section, which is simply carrying on what has been the criminal law of Canada for many long years, it was not considered proper, and has never been, that if you commit a common nuisance which endangers my property you should be guilty of an indictable offence. But if you endanger my life, my safety or my health, then that would be a criminal offence.

Mr. Barnett: I do not want to pursue this too far, but we have discussed this section so thoroughly that I should like to be able to understand it. Let me put my question this way. It would seem that endangering property or comfort is a relatively more minor offence, but if it is going to be included for the purposes of defining a common nuisance why should not such offences be made liable to summary prosecution? A number of other sections of the code make provision for summary prosecutions for relatively minor offences, and more serious acts are covered by indictable offences. But I still cannot see why, for the purposes of this section, endangering property and comfort should be included in the definition of a nuisance if the penalties in the section are not in any way applicable.

Mr. Garson: I do not think there is anything very difficult to understand. When you define anything for the purpose of a particular section you define it for what it is. Nor do I think there is anything difficult to understand when I say that you do not necessarily indict people for everything that is included in that definition. So far as our present position is concerned, we have good reasons for wanting to retain this language in the present bill. It has been in the law for a good number of years. Cases have been decided upon it in which these sections have been interpreted. We know what the courts consider that they mean, and thus we think it would be injudicious and incautious for us to change the wording. We know what the courts have said it means, and it is preferable to carry on that meaning. I must add that I do not find the difficulty at all that either of my hon. friends has stated.

Mr. Cameron (Nanaimo): Can the minister tell me this? Is the distinction between the way in which the two types of offence are going to be dealt with to be found in these respective words—"guilty of an indictable offence", and "does an unlawful act"? Do these two phrases indicate the respective methods by which the offence is to be treated?

Mr. Garson: No, they do not.

Mr. Cameron (Nanaimo): Can the minister tell me why it is merely an unlawful act to endanger the lives of people under subsection 2(a) and an indictable offence to endanger their lives under subsection 1(a)?

Mr. Garson: I must confess that I am afraid I will have to refer my hon. friends to *Hansard*, and if they still do not comprehend

it I will be glad to discuss it with them if they will see me. The one defines a common nuisance in general and the other says what kinds of common nuisances shall be indictable. We can state these two facts in a dozen different ways but we come back to the two facts in the end.

Mr. Cameron (Nanaimo): I point out that you are defining them in precisely the same terms, and I want to know why when "endangers the lives" is used in one part it does not mean the same when it is used in another part.

Mr. Garson: I think it might have been easier for my hon. friends to understand this clause if the two subsections had been transposed. If my hon. friend will just think of No. 2 as being No. 1, I think a lot of his difficulty will be overcome. In other words, first of all you say what is a common nuisance and define it. Then you go on to say that every one who commits this common nuisance which we have already defined, and thereby endangers the lives, safety or health of the public or causes physical injury to any person, is guilty of an indictable offence, but it is not considered appropriate that a man should be indicted whose only offence is that he has injured somebody else's property. In other words, it puts the lives, safety and health of people ahead of injury to property.

Mr. Fulton: One is a criminal offence and the other is a civil action.

Mr. Noseworthy: Then what has the reference to "property or comfort" got to do with this section at all? Of all the kinds of common nuisances one can think of, why are only those two selected and put in this definition when neither of them is indictable?

Mr. Garson: Because they are a part of the definition of common nuisance. All this purports to be is a definition of common nuisance.

Mr. Knowles: This is a very minor point. Perhaps the minister can look at it at his leisure. He might even have Their Honours in the other place deal with it.

Mr. Garson: At my what?

Mr. Knowles: In the minister's spare time. The question I wish to raise has to do with the headings in this general part of the code. I refer to the heading that is inserted just ahead of clause 165, and also to the heading that is inserted just ahead of clause 161. I do not propose to argue the point the minister was trying to make, I think falsely, on Friday with regard to the other heading. I do suggest that the heading "disturbing religious services" does not really apply to clauses 162, 163, 164. It applies only to 161. In support of that argument I point out that clause 163 was section 501A in the old code and it was under the general heading "wilful and forbidden acts in respect of certain property." I have no desire to take up any time, but it does seem to me if it were possible the other day for the minister to be misled, if I may say so, by the heading "disturbing religious services", it might be well to have some change made.

Perhaps it calls for a new heading or some rearrangement of the clauses. As I say, this can be looked at later, but I suggest to the minister it might be well to have it looked at.

Mr. Garson: I have no objection in the world to striking out the term "disturbing religious services." The only reason I mentioned that the other day was, if my hon. friend will examine section 163, he will see that defines an offence in relation to meetings, throwing stench bombs and so forth in meetings. Since there is an intervening section, trespassing by night, my hon. friend's point is quite well taken, that the heading there does not really add to the lucidity of the bill.

Mr. Knowles: Just to get this clear, where is the reference to meetings in clause 163?

Mr. Garson: It says:

> . . . throws or injects or causes to be deposited . . . into or near any place,
>
> (b) a stink or stench bomb or device from which any substance mentioned in paragraph (a) is or is capable of being liberated, . . .

My hon. friend, I am sure, must be sufficiently cognizant of the facts of life to know that is what these bombs are for, to cause discomfort, and usually at a meeting. It might conceivably be a religious service, but it is a meeting. True there is an intervening section, "trespassing at night". For my part, if my hon. friend wishes to move an amendment to strike out "disturbing religious services", I have no objection. This heading certainly does not add anything to the meaning of the act.

Mr. Knowles: Before the minister gives me that permission, may I ask if he is satisfied then that all the sections from 158 to 164 inclusive might properly come under the general heading of "disorderly conduct"?

Mr. Garson: Yes, I think they would.

Mr. Knowles: I agree with the minister on that point, and it might remove some of the confusion. Therefore, as the minister suggested, I move that the heading "disturbing religious services" be deleted from the bill where it appears between lines 6 and 7 on page 52.

The Chairman: Actually, we are discussing clause 165. Has the hon. member leave to revert to that part of the bill?

Some hon. Members: Agreed.

The Chairman: Hon. members have heard the amendment proposed. Is it the pleasure of the committee to adopt the amendment?

Amendment agreed to.

Clause 165 agreed to.

The Chairman: We are now proceeding to group 4, treason. I shall call clause 46.

On clause 46—*Treason.*

Mr. Knowles: This is a clause which may occasion considerable—

Mr. Garson: I was proposing to offer to the committee some amendments to this section, and perhaps the amendments we have in mind might meet the point my hon. friend is about to discuss. I might submit them to the committee for consideration.

Mr. Knowles: I should be glad to defer my remarks until we have all the amendments the government has in mind.

Mr. Garson: This section of the bill, Mr. Chairman, is one which has already come in for a great deal of consideration, both in the special committee of the House of Commons and also in the other place and in its committees. I feel we will be able to deal with it more intelligently in this discussion if I trace the history of the section up until the present time. Perhaps hon. members will forgive me if, before doing that, I review briefly the law of treason generally. In the banking and commerce committee of the other place such a review was presented on a question and answer basis which is not always very satisfactory.

Now an understanding of the basic law of treason is not without importance in dealing properly with this section before us. In this present brief review I am drawing heavily upon the excellent and succinct chapter in Sir William Anson's "Law and Custom of the Constitution", dealing with the question of treason. As he points out, the law of treason is connected with the law relating to allegiance in two ways. Allegiance is always due from a British subject, wherever he may be, and any subject who acts disloyally overseas may be punished if he at any time can be apprehended afterwards in Great Britain. In the same way, allegiance is due from a Canadian citizen and he can be punished, even although his treason may have been committed outside of the boundaries of Canada, if at any time later on he can be apprehended in Canada.

If we go back in legal history, we find that treason depended, like allegiance, on the personal character of the feudal relations, because treason first came into being in the days of feudalism. Treason at that time was offence against the person, the representatives, or the personal rights of the king. It was a breach of the feudal bond, a betrayal in one form or another by the subject of his lord.

The vagueness of the early law on this subject led to a request by the Commons in 1352 that the king should legislate upon the subject of treason. The answer to their request was the statute upon which the law of treason is still founded in the United Kingdom. This is 25 Edward III, statute 5, chapter 2, and it named seven distinct offences of treason. The first was to compass or imagine the king's death, the queen's—but not if a dowager or if divorced—again indicating the personal monarch—or that of the heir to the throne; second, to levy war against the king in his realm; third, to adhere to the king's enemies; four, to violate the king's wife, the wife of his eldest son, or his eldest daughter, being unmarried; five, to counterfeit the great seal, the privy seal, or coin; six, to issue false money; seven, to kill the chancellor, the treasurer—

Mr. Fulton: How about the Minister of Justice?

Mr. Garson: My hon. friend's question is an exceedingly timely one. He must have known what was coming up. It is not quite the Minister of Justice, but the king's justice, the king's justices of either bench, or of assize, in the discharge of his office.

One cannot fail to notice the personal character of all these offences; the king, not the crown in parliament, or the state as embodied in the existing constitution, but the king in person is the object which the statute was designed to protect. The statute of Edward III was designed to protect the king's person; the king's sovereignty; the king's family relations; the *indicia* of the royal will in administration, the seals; the representatives of the royal will in judicature, the chancellor and judges; the privileges of royalty as they were in those days; the coinage. These are what the feudal society thought it was treason to infringe.

Now, these last four offences need no special notice; they remain as treason on the statute books, though they may be dealt with as felony. The first three have been extended—that is, to compass or imagine the king's death, to levy war against the king in his realm and to adhere to the king's enemies—have been extended by construction. That is, they first of all apply to the

personal king. They have been expanded as the concept of kingship developed, and they have also been the subject of much legal comment.

Now, to demonstrate that insight, foresight and wisdom are not the monopoly of these modern times, I should like to quote from this statute, which was passed nearly 150 years before Christopher Columbus discovered America, another short passage. This passage states a principle which we shall be considering this afternoon in the clauses that I shall be discussing in this bill later on. This is the short passage from the statute to which I refer:

> And because that many other like cases of treason may happen in time to come which a man cannot think or declare at this present time; it is accorded, that if any other case, supposed treason which is not above specified, doth happen before any justices, the justices shall tarry without going to judgment of the treason, till the cause be shewed and declared before the king and his parliament whether it ought to be judged treason or other felony.

Now, by these expansions, by construction of the statute of Edward III, we have principles which are very important in legal history: Compassing or imagining the king's death was construed to mean any act directed to the deposition or imprisonment of the king, or to acquiring the control of his person, or any measure concerted with foreigners for an invasion of the kingdom, or going or intending to go abroad for any of these purposes. Cases of mere riot were treated as "levying war against the king".

The Riot Act, 1 George I, statute 2, chapter 5, made it unnecessary to strain the definition of treason in order to punish disorder which had no political end in view; that is to say, if the riot were just a common riot and had not any political or ulterior motives connected with it, it would come under the Riot Act and would not be regarded as a form of treason. But the law of treason took no cognizance of offences against the state which could not be construed to be also offences against the person or personal authority of the king.

It was not until 1795 that statutory force was given to the extended interpretations of the act of Edward III, and an actual or contemplated forcible attempt to make the king change his counsels or to intimidate both houses or either house of parliament was made treason. That is, an offence which was not against the person of the king but against his advisers. In 1848, all the acts or compassing mentioned therein, which did not tend to the death, personal injury, or personal restraint of the sovereign, were made treason-felony, and so not necessarily punishable with death; and that, as a matter of fact, it was that distinction in its present modern form which gave the other place and gave the special committee of the House of Commons a great deal of concern in connection with this clause 46.

In the United Kingdom the treason statute of Edward III still remains treason on the statute books of Great Britain, but treason as distinct from treason-felony is the doing or designing anything which would lead to the death, bodily harm, or restraint of the king, levying war against him, adhering to his enemies within or without the realm, or otherwise doing acts which fall under the statute of Edward III.

Conspiracies to levy war, to deprive the king of the crown or of any part of his dominions, or to incite foreigners to invade the realm are treason-felony, and may perhaps be dealt with as constructive treason. Force contemplated or applied to make the king change his counsels, or to intimidate either or both houses of parliament is treason-felony. Thus, for example, conspiracies of the Fenian brotherhood to use force to separate Ireland from the crown were treason-felony. In considering these precedents I think we should note this, that apart from the case of Lynch in 1903 and of Sir Roger Casement in 1916, all prosecutions in England since 1848 for treasonable offences have been made for felony under the act of 1848.

Now, with that short introduction, we might come to the clause before us. I would like to make first of all the following points with regard to clause 46 (1) (e). The first point is that there is no provision in the present law which is in the same terms as paragraph (e) of clause 46 (1).

The second point is that the Criminal Code revision commissioners apparently considered that the Official Secrets Act, which provided a maximum punishment of 14 years, was not adequate to deal with modern problems connected with the unlawful communication of information to agents of states other than Canada.

The third point is that as recommended by the Criminal Code revision commission and as introduced in the Senate as Bill No. H-8, the provision was as follows:

> Every one commits treason who, in Canada,
> (e) conspires with an agent of a state other than Canada to communicate information or to do an act that is likely to be prejudicial to the safety or interests of Canada;

The punishment authorized was death or imprisonment for life. Now, when one says: "death or imprisonment for life" it means that it is a different kind of death penalty from that provided now in the code for

murder, which is a mandatory death penalty, with a judge not having any choice but to impose it. The penalty of death or imprisonment for life with no minimum, means that the judge in a case can, if he sees fit to do so, impose a death penalty or he may impose life imprisonment or such lesser imprisonment as he in his wisdom may see fit, which may be imprisonment for a week or a day; so that there is a very great deal of difference between a mandatory death penalty and the penalty that was first named in this Bill H-8.

Mr. Knowles: The minister is commenting on the meaning of the words "liable to"?

Mr. Garson: Yes, that is right.

Mr. Knowles: Would he care to elaborate further by pointing out the position of a judge in a case where the punishment is death only. He has referred to a case where an accused is liable to life imprisonment.

Mr. Garson: If I recall correctly, I think the code says that for the crime of murder the convicted man shall be sentenced to death.

Mr. Knowles: That is clause 206.

Mr. Garson: Yes, that is clause 206. My hon. friend has it before him, no doubt. Then, the section in the present code, 263, is as follows:

> Every one who commits murder is guilty of an indictable offence and shall, on conviction thereof, be sentenced to death.

It does not say that he is "liable"; it says that he shall be sentenced to death.

Mr. Knowles: Perhaps the minister would clear this up. He made it clear with regard to punishment for treason, where the punishment is a liability to life imprisonment, that a judge might make it for a lesser period—such as, as he suggests, only one week. What is the position of the judge where the punishment is a liability to be put to death, and where no alternative is stated? What is the lesser punishment in that case?

Mr. Garson: I do not think there is any such sentence. Where a mandatory death sentence is authorized in the Criminal Code it says that, upon conviction for murder, he shall be sentenced to death.

Mr. Knowles: I am referring to clause 47 (1) (a)—unless that is one of the clauses the minister is amending.

Mr. Garson: It says that he shall be liable to be sentenced to death. Well, I would want to consider that point. I do not think it has ever been raised before. It does not say "shall be". I would want to look at it and, if I may, to comment later.

I think it might be of some service if we were to compare the form of wording used in Bill H-8 with section 3 (1) of the Official Secrets Act, which provides as follows:

> If any person for any purpose prejudicial to the safety or interests of the state
>
> (a) approaches, inspects, passes over, or is in the neighbourhood of, or enters any prohibited place; or
>
> (b) makes any sketch, plan, model or note which is calculated to be or might be or is intended to be directly or indirectly useful to a foreign power; or
>
> (c) obtains, collects, records, or publishes, or communicates to any other person any secret official code word, or pass word, or any sketch, plan, model, article or note, or other document or information which is calculated to be or might be or is intended to be directly or indirectly useful to a foreign power;
>
> he shall be guilty of an offence under this act.

Now, the provision was discussed in the Senate banking and commerce committee, but the committee did not report. So that no recommendation was made either in favour of or against the provision. When the bill was introduced in the Senate for the second time as Bill "O"—it was first of all introduced as Bill H-8, and then died on the order paper, and was revived as Bill "O"—the provision was in the same form I have already indicated. The Senate banking and commerce committee, to which the bill was referred, thought at first that the paragraph was too broad and, secondly, that the conduct referred to in the paragraph was not such as should be defined as treason.

Actually the Senate removed paragraph (e) from clause 46 and inserted it in clause 50 as paragraph (c) in a changed form, reading as follows:

> Every one commits an offence who
>
> (c) conspires with an agent of a state other than Canada to communicate information or to do an act that is likely to be prejudicial to the safety of Canada.

Now, by transferring it to clause 50 it made the punishment applicable to it a period of 14 years imprisonment. The provision was then introduced in the House of Commons in the form, naturally, in which it had left the Senate. In due course it went before the special committee of the house at the last session.

The special committee did not agree with the change the banking and commerce committee in the other place had made, and they further amended the paragraph so that it took the form that it now takes in the bill before us. That is, as my hon. friend can see, the form in section 46 (1) (e) as it now reads. Perhaps I might comment upon that wording. It is quite different from the original wording and says:

> without lawful authority, communicates or makes available to an agent of a state other than Canada,—

And then, instead of the single word "information" it particularizes as follows:

—military or scientific information or any sketch, plan, model, article, note or document of a military or scientific character that he knows or ought to know may be used by that state for a purpose prejudicial—

Not to the "safety and interests of Canada", which is a rather vague expression, but—

—to the safety or defence of Canada.

This makes it clear that it was military and scientific information relating to the safety or defence of Canada which was prohibited.

The relevant amendments that were moved in the House of Commons special committee were moved by the hon. member for Vancouver East, and the former member for St. John's West, Mr. Browne, and the former member for Gloucester, Mr. Robichaud. The effect of the amendment was to restore this provision back to the treason section, but to narrow it substantially from the broad and less certain terms in which it had been set out when it was before the Senate.

I have already indicated in the house that the government felt under an obligation, when introducing Bill No. 7 at the present session, to introduce it, with a few minor typographical corrections, in the exact form in which it had been reported upon by the special House of Commons committee at the last session, so that the house would know that Bill No. 7 was the bill which had been considered by the parliament of Canada in a preceding session, and that it came to us again in the exact form in which the House of Commons special committee had passed upon it.

We in the government thought that if we had any views of dissent from the conclusions of the House of Commons committee we should lay before the members of the House of Commons the exact text upon which the House of Commons committee had passed, and then that we should bring in amendments to this text which we in the government proposed. In this way members could judge what had been approved by the House of Commons committee and would know exactly what we were proposing to change.

We in the government were quite deeply concerned with the question of what was the proper punishment for an offence of this kind.

How heavy the appropriate penalty should be for the disclosure of military and scientific information of this sort is a matter which is not without very great difficulty to determine. This new sort of treason is in line with the great change which has come over the offence of treason from what it was in feudal days when it might have been an act of disloyalty to a personal king. But today there could be disclosure of information with regard to the H-bomb or the atomic bomb which might have consequences much more serious for the state than even a personal attack upon the monarch.

Without detaining hon. members of this committee with details I think I should say that the government considered this problem at great length and also in a subcommittee of the cabinet set up for that purpose. We came to the view, which I will introduce amendments to support, that a distinction should be drawn between the offence when committed in peacetime and the offence when committed during wartime when it would be of a particularly heinous character and would be an act just as serious as adhering to the king's enemies. We knew that we would be one of very few free nations which imposed even on a non-mandatory basis the death penalty for an offence of this sort in peacetime. We therefore thought that the penalty sections of clause 46 should be amended to provide that it would continue to carry the present penalty, if the offence were committed during a time of war, and if committed during a time of peace it would carry the penalty of 14 years imprisonment.

For these reasons, Mr. Chairman, I would ask my colleague the Minister of Fisheries to move amendments to clauses 46 and 47. Before he does so, however, I would point out that the amendments to clause 46 are consequential to the amendments to clause 47. I think the amendments to clause 47 will be self-explanatory but if not I will be glad to explain them.

The Deputy Chairman: I believe it would meet with the approval of the committee if these clauses were treated as a group and discussed as a group and we can move the amendments when each clause is reached.

Mr. Sinclair: Mr. Chairman, I move:

That subclause (1) of clause 46 be amended by deleting paragraph (f) and (g) and substituting therefor the following:

(f) conspires with any person to do anything mentioned in paragraphs (a) to (d);

(g) forms an intention to do anything mentioned in paragraphs (a) to (d) and manifests that intention by an overt act; or

(h) conspires with any person to do anything mentioned in paragraph (e) or forms an intention to do anything mentioned in paragraph (e) and manifests that intention by an overt act.

I would also move:

That clause 47 of Bill No. 7 be amended by deleting subclause (1) thereof and substituting therefor the following:

47 (1) Every one who commits treason is guilty of an indictable offence and is liable

(a) to be sentenced to death if he is guilty of an offence under paragraph (a), (b) or (c) of subsection (1) of section 46;

(b) to be sentenced to death or to imprisonment for life if he is guilty of an offence under paragraph (d), (f) or (g) of subsection (1) of section 46;

(c) to be sentenced to death or to imprisonment for life if he is guilty of an offence under paragraph (e) or (h) of subsection (1) of section 46, committed while a state of war exists between Canada and another country; or

(d) to be sentenced to imprisonment for fourteen years if he is guilty of an offence under paragraph (e) or (h) of subsection (1) of section 46, committed while no state of war exists between Canada and another country.

The Deputy Chairman: I will now put the amendment relating to clause 46 as moved by Mr. Sinclair.

Mr. Fulton: Mr. Chairman, it is difficult to assess the exact effects of these amendments quickly but they do seem to me to meet the objections which have been advanced, particularly against the inclusion of paragraph (e) as it at present stands in clause 46, subclause (1), which may, as clause 47 stands now, carry the possibility of a sentence of death. If I understand the effects of the amendment to the Criminal Code proposed by the minister—if I am wrong he will no doubt correct me—an offence under clause 46, subclause (1), and paragraphs (a), (b), and (c) will still carry the sentence of death, and the offence under paragraph (e) will only carry the possibility of a sentence of death if committed in time of war. Even there, if the circumstances are such that in the discretion of the court it is felt inappropriate to pass a sentence of death, then the accused, if found guilty, may be sentenced to life imprisonment or a lesser term of imprisonment. That seems to be a sensible thing.

Further, if a person commits an offence now contemplated under paragraph (e) of clause 46, subclause (1), when we are not in a state of war he can only be liable to be sentenced to imprisonment for 14 years or such lesser term as in the court's discretion seems appropriate. That also seems to be a sensible provision. But, in order that we may understand the effects of the amendments, may I refer to the proposed amendments to clause 47 and ask the minister whether by virtue of paragraphs (c) and (d) of that proposed amendment the sentence of death or of imprisonment for 14 years will follow, whether or not the information is communicated to the country with which we are at war?

In other words it is now provided that if a state of war exists between Canada and another country—it may be only one country—then if a person commits an offence under paragraph (e) of subsection 1 of section 46, that is, if he communicates information to an agent of a state other than Canada, then if we are at war with another country he may be liable to be sentenced to death. It would follow from those words, would it, that that death penalty would be imposed even if the information is communicated to an agent of a country other than a country with which Canada is at war? As I read the proposed section or the proposed amendment to section 47, that would be the effect. I am wondering, however, whether that was the intention or whether it was the intention to provide that the penalty of death would follow only if the information was communicated to an agent of a country with which we are at war.

Mr. Garson: My hon. friend's question really divides itself into two parts. He said, "Would the death penalty follow?" The death penalty would not necessarily follow. This is not a mandatory death penalty. So far as the death penalty is concerned—

Mr. Fulton: I should have said that.

Mr. Garson: I know, but I think it is important to emphasize this. The judge has a wide discretion here to fit the penalty to the crime, depending upon the evidence that comes before him, from a non-mandatory death penalty if the evidence is heinous enough to warrant such a sentence down to a very slight term of imprisonment if it is not heinous at all.

Mr. Fulton: There is room for that discretion.

Mr. Garson: Yes. I am sure my hon. friend is clear on that point. With regard to my hon. friend's other question, while the section clearly states "while no state of war exists between Canada and another country," it is not necessary that the accused person should convey the information to a citizen of the country with which we are at war. I am sure that any person who is familiar, even on a novel-reading basis, with espionage and counter-espionage these days, knows perfectly well that there is no guarantee that if information of this sort is passed out to an agent of country A, it may not be designed from the very first to end up with our enemy country B; and that the purpose of disclosing to country A in the first place was that it might be passed on to enemy B.

I am sure that my hon. friend is also aware of one other fact. If we proceed under the Official Secrets Act, most of the prohibitions are outright prohibitions in connection with which *mens rea* does not have to be proved. But *mens rea* has always been an essential ingredient of the crime of treason

and *mens rea* would have to be proved in the present case. That would be the greatest protection that the accused could have because it would have to be shown that, in the terms of the statute, he, with a guilty mind and "without lawful authority", communicates this information. This can hardly be said to be unfair to the accused. When the crown must go to this extent to prove its case against the accused in order to secure his conviction, even although the information which is disclosed was to a citizen of some country other than the one with which Canada was at war, I think it can hardly be said to be unfair to the accused.

Mr. Fulton: Then I think we are clear that in the case of communicating information under paragraph (e), if it is done at the time when Canada is at war with another country, and then if, let us say, it was communicated directly to an agent of that country with which we are at war, it is possible to impose the death penalty. It is also possible to impose the death penalty even if the information was not communicated directly to that country but was communicated to a third country with, let us say, the intention that it should go to the country with which we are at war; there would still be room for the death penalty, under those circumstances. If as the minister has said, the offence itself was less heinous and amounted to a careless communication of information to some other country with which we were not at war, then there would be room for the penalty of imprisonment for life or such lesser term as might be thought to be appropriate.

But if there is no war at all—and I presume this means a state of declared war; and that would be important to determine—then for the offence contemplated under section 46, subsection 1, paragraph (e), there is no possibility of the death penalty. If I am correct there, then I think the other points which I should like to ask the minister to clear up are these. Is it necessary that there should be a declaration of war, or do the words "state of war exists" cover such a situation as the Korean war which I prefer to call a war although it was not a declared war but was covered, I think, in an earlier amendment in 1951 by the term "state of hostilities existing between the armed forces of another country and Canada"? Is that situation contemplated in paragraphs (c) and (d) of the proposed amendment to section 47?

Mr. Garson: The answer is no. My hon. friend can examine for himself the basis for that answer by comparing the wording of subsection 1, paragraph (c) of this same section which covers the Korean situation and paragraph (e) of that subsection. Paragraph (c) reads as follows:

Assists an enemy at war with Canada,—

That is at war in the same sense that we have been discussing it in the section before us.

Mr. Fulton: Yes.

Mr. Garson: The paragraph continues:

—or any armed forces against whom Canadian forces are engaged in hostilities whether or not a state of war exists between Canada and the country whose forces they are;

Mr. Fulton: Yes.

Mr. Garson: That is the situation in Korea. My hon. friend can see that that is a very different set of words from the set which is used in section 46, subsection 1, paragraph (e).

Mr. Fulton: I suppose that in the case of communicating information, if it was to a country with whom, while there has been no declaration of war, nevertheless our armed forces are engaged in hostilities, then there would be the chance of laying the charge under either paragraphs (c) or (e) because the mere communicating of information might be sufficient to assist the armed forces against whom Canadian forces are engaged in hostilities. There would be room for an alternative charge, would there not? Here I am thinking of the reverse of the situation. In the one case we are trying to modify the penalty. But here I am thinking of a situation where information is communicated for the deliberate purpose of assisting an enemy country, a country which is in fact an enemy although no declaration of war has been made, a country with which we are engaged in hostilities. I think my doubt is cleared up to some extent. We are forced to think out loud, as it were, because this amendment has just been handed to us. I think my doubt is cleared up by the fact that there would exist the option of laying a charge under paragraph (c) if we wanted to ensure the heavier penalty in a case of that sort.

Mr. Garson: I would suggest to my hon. friend that if he reads paragraph (c) correctly he will see that it would be quite difficult, I should think in most cases, to prove the offence against the accused because the assistance under paragraph (c) is the assistance of the armed forces against which Canada is engaged; and it would have to be shown that the information in question was of assistance to the armed forces. I am not saying that it is impossible to prove that

information was of assistance to the armed forces, but I should think that in most cases it would be more difficult to prove that than it would be to prove that the accused had communicated contrary to section 46 (1) (e) to a state other than Canada information of a military or scientific character that he knew or ought to have known might be used by that state for a purpose prejudicial to the safety or defence of Canada. In order to prove an offence under 1 (c) he would have to prove that the information communicated would assist the armed forces. If he could not prove that, the case would fail.

Mr. Fulton: I am not very happy about this although I do not know whether it is a fundamental objection. It does seem to me, however, that by the amendment we have precluded the possibility of the death sentence. Again I want to be careful of my words because to some extent we are thinking out loud and trying to sort this thing out, but is it not a fact that if these amendments carry we have precluded the possibility of the death sentence against a person who communicates information of a military or scientific nature which is designed to assist the country with the forces of which our Canadian forces are engaged in hostilities, although no declaration of war has been made? Under (e) now, for the death penalty to follow there must be a declaration of war and the communication of information must be made under those circumstances. If, as in the case of Korea, there was no declaration of war and information had been communicated directly to North Korea or communist China designed to assist them and they are not an enemy in the usual sense of the word, then if it did not actually directly assist their armed forces it seems to me we have precluded the possibility of the death sentence although an act, which seems to me to be a highly treasonable one, has been committed.

Mr. Philpott: I should like to ask a question on this same section. We have all received a great many communications from different organizations in Canada about Bill No. 7, but there are no sections concerning which we have received communications about which there is so much confusion as this particular one and the ones having to do with labour. There is a widespread impression abroad that in this case the new section is more drastic than the old one, but I think anyone who examines the section in the code as it now exists will see quite clearly that the new section is not as drastic as the old one.

For instance, I as a newspaperman might be sent to Kenya and my sympathies might or might not be with the Mau Mau. If I came back to Canada and wrote in favour of the Mau Mau then I would come under section 74 (i) of the Criminal Code as it now stands. That subsection reads as follows:

assisting any public enemy at war with His Majesty in such war by any means whatsoever.

Under that section I would be liable to the final penalty. Under the new clause I would have to assist an enemy at war with Canada or armed forces against whom Canadian forces are engaged. It is much more restricted than under the old code. I was not in the house when the action was taken, but I for one have never been quite clear why this business of invoking war penalties when we were in a state of war which we had not declared was ever put into the code. It has always seemed to me that we got off on the wrong foot and made a lot of trouble for ourselves in fighting the war in Korea. We never did come right out and call it a war and I for one, without further illumination on the point, think that we took a wrong step.

It seemed to me that we followed too closely the example of the United States which wanted to bring in that thing they call a police action without having to get a declaration of war from congress. It seems to me that we should declare war if we are going to have to fight a war. We should declare that a state of war exists and get away from many of these difficulties that arise from different penalties applying with respect to a declared war and an undeclared war. For my own information I should certainly like to hear from the minister why we ever did that with respect to Korea. Would it not have been better to declare war and be done with it?

Mr. Garson: If I neglect to answer some part of someone's question I hope the person will bring it to my attention. To answer the question of the hon. member for Vancouver South first, I must say that the declaration or non-declaration of war does not come under the Department of Justice. All that comes under the Department of Justice is the legislative containment of the results of the non-declaration of war. This is what we have tried to do in clause 46.

Addressing myself to the question raised by the hon. member for Kamloops, it seems to me, although I am very far from being an expert in this field, that where there has been no formal declaration of war the only basis you have for the imposition of penalties upon a traitor in relation to what is going on, for example, in Korea is the basis we have stated here in clause 46 (1) (c). We

only arrived at the wording of this clause after the most careful consideration. What is it we are involved in? We are engaged in hostilities. That is all that we can say the fact is. There is no declaration of war, no state of war recognized according to the rules of international law. All there is is a state of hostilities, and that is the basis.

Actually, to get down to moral reality, the only information that will come within the status of the activities in which we are engaged is information which will assist the armed forces with whom we are engaged in hostilities. That is so not only for the reason I stated before but also for this reason. At a certain sector of the battlefield we may happen to be engaged with forces A of one country, with forces B of another country and with forces C of a third country. In a month or so forces C may go some place else and not be engaged there at all. We have to deal with the facts as they are from time to time in the hostilities. That is the only basis we can have for the use of a penalty against a person who discloses information of that sort. In the great majority of cases I would think that if information is given to North Korea or to Red China in connection with the hostilities, it is more than likely that the information given to them, in relation to mere engagement in hostilities as distinguished from a state of war in law, will be in relation to the armed forces. Indeed if information is given which is of value to the North Korean state apart from military activities then there is no reason in principle why that act should be any more culpable under clause 46 (1) (c) than if the same information were given to any other country with which we were not at war.

Mr. Stick: I do not want to make it too difficult for the minister, but there is a possibility that Great Britain may be at war with a country and we might not. What happens then? Does the section apply? For instance, Great Britain has recognized communist China, and we have not, so there could be complication in that respect. How would the section be interpreted if information were given to a country which we did not recognize? If we were not at war with a country, then the person giving the information could only receive a sentence of fourteen years; he could not get the death penalty. We are making the law now for the future, and not for the moment.

Mr. Garson: The answer to that question is that Canada is an autonomous nation. When we are talking about being at war within the terms of this section, we are talking about Canada being at war and not Great Britain being at war.

[Mr. Garson.]

Mr. Fulton: It has nothing to do with recognition.

Mr. Garson: I was going to say that a country like Canada need not recognize a country in order not to be at war with that country. And it is the fact of Canada being at war or not being at war which will determine the penalty to be imposed upon a person found guilty of communicating information contrary to clause 46 (1) (e). But if not being legally at war our forces are engaged in hostilities with other forces then assistance to these hostile armed forces if proven will constitute an offence under clause 46 (1) (c).

Mr. Fulton: I think the minister has cleared it up satisfactorily.

Mr. MacInnis: I feel it is rather late in the day to discuss how we happened to get into the Korean war, and I imagine that none of us, despite the very unsatisfactory way in which it went, would wish we had not gone into it. Today we are trying to legislate for the offence of treason in the light of conditions into which the relationship between the nations of the world have brought us. I was glad to learn that this section had given concern to the cabinet, because I did not think the cabinet as a whole ever had time to give detailed thought to matters of this kind.

The point with which I find fault in section 46 is paragraph (g). I understand that when this provision appeared in the earlier draft of the bill in the other place they deleted it. Paragraph (g) reads:

(g) forms an intention to do anything mentioned in paragraphs (a) to (e) . . .

I understand that with the amendments offered that will be changed to "forms an intention to do anything mentioned in paragraphs (a) to (d)."

. . . and manifests that intention by an overt act.

How could it be ascertained that a person had formed an intention to do something if he did not manifest that intention in an overt act? I notice the Minister of Citizenship and Immigration indicating he could do it in writing, but the writing itself would be an overt act. I do not believe we should have in this bill any provision relating to forming intentions to do something. I think we could meet the situation equally well by an amendment to clause 46 (f) by saying, "every one commits treason who, in Canada, conspires with any person to do anything mentioned in paragraph (a) to (e)." I should like to see the minister remove paragraph (g) altogether, and also the implication that would have.

This phrase "forms an intention" sticks in my crop. I do not see how in the world you

are going to convict a person of an intention if that intention has not manifested itself in an overt act.

Mr. Knowles: At the outset, Mr. Chairman, I want to say that like some of the others who have spoken I am glad to note the amendments the government proposes to make to these sections. I feel it should be pointed out, however, that when one studies them closely there is really only one change being made. So far as the crimes listed in paragraphs (a), (b) and (c) are concerned, they are still punishable by death or life imprisonment. The only change that is being made is with respect to communicating information under certain circumstances. In time of war that is still punishable by death or imprisonment, but in time of peace that act is punishable by a sentence of only fourteen years. I see the minister agreeing with me that the latter is the only change that is made by the amendments that are now proposed to the committee.

As hon. members know, most of us in this group question capital punishment itself, and in my thinking that carries over into this section of the Criminal Code. I had hoped the minister would be prepared to go farther than his amendments suggest, although that does not detract from my welcoming those amendments. In respect of the one change that is made by the two amendments, namely, that the maximum sentence of fourteen years be imposed in the case of communicating information in peacetime, I feel constrained to point out that that sentence seems to have been chosen to parallel the sentence of fourteen years that is provided in clause 62 of the bill with respect to sedition.

I point out that the sentence under that clause was only two years up until 1951, when it was increased to seven years, and it is now being increased to fourteen years. It does seem to me that, bearing in mind the circumstances under which a person might be convicted under this section, the length of sentence is rather long. I hope that might be looked at still further.

I am glad that the member for Kamloops questioned the minister as he did so that we were able to get the picture clear as to the meaning of the phrase "at war" in the amendments being proposed. I think it is now quite clear, although I must not speak for the hon. member because I do not think he is as satisfied as I am on that score. However, he can speak for himself.

The fact that the government has felt it necessary to introduce a wording in these new amendments that refers only to an actual state of war prompts me to ask the question as to whether any consideration was given by the government at this time to the wording of clause 46 (1) (c). That wording of course was put in in 1951. As the minister knows, it was the subject of considerable debate in this house. Here again the hon. member for Kamloops and I did not agree.

It seems to me there is still some question as to what might be involved in the phrase "assisting forces engaged in hostilities against Canadian forces." An example comes to my mind. Some hon. members may think it is far-fetched, but I lay it before the committee in all seriousness. It has been said in this house in recent days—and I am not trying to revive another debate—that to argue for the recognition of the present government of China is to assist that government.

Mr. Garson: Assisting the government is not the point; it is assisting the armed forces.

Mr. Knowles: It is pretty hard to distinguish between a government of a country and its armed forces, and I think that applies very definitely to China. I know they do, but it is not the case here. What is the position of a person not in the parliament of Canada where there is immunity, but of a citizen of Canada, making a speech and urging upon the government of Canada the recognition of the present government of China.

Mr. Fulton: We are not engaged in hostilities with them.

Mr. Knowles: I am glad my hon. friend mentioned that. I know we are not now engaged in hostilities with them, but suppose that had happened before the truce was arrived at in Korea. Although we were not engaged in hostilities against them even then, it was alleged that armed forces of that country were engaged in hostilities against the forces of Canada. I wonder whether the minister can say that under that circumstance there is the possibility of one's words, in this land of free speech, being construed as in violation of clause 46 (1) (c)? In other words, Mr. Chairman, what I am asking is whether or not consideration was given to the revision of the decision that the government reached when it brought in the 1951 amendments to the Criminal Code.

Another point which I mention, just to include it in this context, is of course the one the minister wants time to think over. He told me that a few minutes ago. I suggest seriously that he does have to decide what the position is in the case of a judge who finds that the code offers only one sentence that he may impose, namely, liability to death, if the judge feels that the sentence should be something less. The minister has made it clear that where the possible sentence is liability to life imprisonment, the judge can

impose imprisonment for a lesser period of time right down to one week. But I put the other question. It is a serious one. I do not raise it facetiously at all. What is the position of a judge in respect of the offences which carry the punishment of being liable to death, where the code provides no alternative, if a judge feels that there should be a lesser sentence?

I have one or two other points I want to comment on with respect to clause 46, and the last one I shall comment on is the one that my colleague, the hon. member for Vancouver-Kingsway, had something to say on a moment ago. First of all, Mr. Chairman, I wonder whether subclause (f) as it now appears in clause 46 (1) is necessary at all, in view of clauses 21 to 24 of the code. These are the clauses that provide generally for parties to offences. Since they make that provision generally for all offences throughout the code, why does (f) need to be repeated in clause 46 (1)? I ask the same question with respect to subclause (g) of clause 46 (1). Why is it necessary, in view of the fact that the point there seems to be covered in clauses 406, 407 and 408?

As I say, Mr. Chairman, there are those and a number of other minor points that one might raise; but I think the hon. member for Vancouver-Kingsway has touched on the most questionable part of this whole clause, namely, 46 (1) (g), which reads in the printed version:

> Every one commits treason who, in Canada,
> (g) forms an intention to do anything mentioned in paragraphs (a) to (e) and manifests that intention by an overt act.

I hope the minister will not mind an illustration that now comes to my mind that I should like to lay before the committee. I remember back about 1943 or 1944 when a very largely attended meeting was held in the city of Winnipeg in the civic auditorium. It was held under the auspices of the Canadian-Soviet Friendship League. The principal speaker on that occasion was a chap whose name I do not recall at the moment, but he was a major in the Soviet army and he was at that time a military attaché connected with the Soviet embassy here in Ottawa. When the spy trials were held later and the royal commission made its report, the name of that military attaché, the very one who had spoken at that meeting in Winnipeg, figured very largely as having been a key person in what was covered in the report of the royal commission. I wonder whether the minister remembers who was chairman of that meeting? By the grin on his face I know he does. The then premier of Manitoba, the Hon. Stuart Garson, was the chairman of that meeting. I now ask the same Stuart Garson, who is now Minister of Justice, to look at the section of the code which he as Minister of Justice is now piloting through this house. This is what it says:

> Every one commits treason who, in Canada,
> (g) forms an intention to do anything mentioned in paragraphs (a) to (e) and manifests that intention by an overt act.

That clause does not say how closely the overt act has to be related to the alleged intention. I wonder whether the overt act of the Minister of Justice, the then premier of Manitoba, in giving his blessing to that particular person could be regarded as manifesting the fact that he had formed an intention, without lawful authority, to communicate or make available certain information to another state.

Mr. Philpott: Come, come!

Mr. Knowles: I hear some people say "come, come"!

Mr. Abbott: What is an overt act?

Mr. Knowles: I hear people suggesting that—

Mr. Philpott: Will the hon. member permit a question? Would he level the same charge at the Right Hon. Sir Winston Churchill for having had meetings with Stalin during that precisely same period?

Mr. Knowles: No; I am not suggesting that any such charges should be laid against the minister. It is precisely because I think such charges should not be laid against Sir Winston Churchill, or against the Minister of Justice, or against the hon. member for Vancouver South for some of the things he has written for the Vancouver *Sun*, that I contend that language such as this should not be in the Criminal Code.

The hon. member for Kamloops wants to know how the minister becomes involved, how the former premier of Manitoba is covered by this clause. This clause refers to a person having formed an intention to do anything mentioned in the whole paragraph, including conspiring. Does the overt act to which I have referred indicate that the Minister of Justice, who was then premier of Manitoba, and chaired the meeting, had formed the intention to conspire with the special speaker on that occasion to do some of the things prohibited in this section?

Some hon. members may take a certain amount of amusement out of this; even the Minister of Justice is amused. But I suggest something like that is no more fantastic than some of the things that have happened in this country. What I want to speak about

chiefly in this connection will be more applicable when we reach the sections on sedition. However I should like to make a passing reference to the subject at this time.

I suggest it is no more fantastic that the Minister of Justice be charged under this section with an overt act, having chaired that meeting, which might have been regarded as manifesting an intention to conspire with a certain person, than it was to lay a charge of conspiracy against the late J. S. Woodsworth for quoting passages from the book of Isaiah. It is not one bit more fantastic, in fact it is not as fantastic as that was.

Mr. Pickersgill: It never went to trial.

Mr. Knowles: The hon. member for Bonavista-Twillingate—pardon me, the Secretary of State—says the case never went to trial. I know; because a similar charge against F. J. Dixon was heard first, and he was acquitted. So J. S. Woodsworth was given a stay of proceedings, proceedings which were never dropped. That stay of proceedings was with him as long as he lived. And through most of those remaining years he was a member of the House of Commons for the constituency of Winnipeg North Centre.

I submit this is not as facetious or as fantastic as some hon. members think it is. What we have here is legislation which, in my view, approaches thought control. We have legislation that gets at people, not for what they do but for what they think or what they intend to do. I submit that is going too far.

I enjoyed the minister's speech when we began discussion of this section, particularly the historical treatise he gave us concerning the development of the law of treason. I noted in particular the way in which he pointed out that it has moved from a concern for the persons of those who wear the crown to a concern for society as a whole. I also noticed his telling us that the range of offences that could be regarded as treason had been narrowed. He pointed out that in the early days there were various offences which are now considered as felonies but which, in those days, were treason.

My quarrel with section 46 is that, to an extent, it reverses that course of history. The course of history has been to narrow the field to such things as attacks on the person of the sovereign, and to the actual waging of war or the aiding of an enemy of the state. In section 46 we have a broadening of that arrangement to include the change made in 1951, and to include also the phrase to which I have been objecting more particularly, and which I have called legislation with regard to thinking.

While I am on my feet, despite the fact that it was my intention to make this reference when we reach the sedition clause, I should like to say a word about another former member of this group who, like J. S. Woodsworth, my predecessor in the constituency of Winnipeg North Centre, had the distinction of being charged with seditious conspiracy. I am sure all who knew him were indeed sorry to learn the news last night, and to read in the press this morning, concerning the death of the former member for Winnipeg North, Mr. A. A. Heaps.

I think it is highly significant that we should be discussing these sections at the present time. The law can sometimes be wrong. Those who enforce the law can be wrong. This country has had many instances where people who were charged under sections like this have been able to show to the country that they were its real patriots, its foremost citizens. I am pleased to have this opportunity today to pay my tribute to the work that was done in the council of the city of Winnipeg and here in parliament for many years by the former member for Winnipeg North, Mr. A. A. Heaps.

Mr. Nesbitt: Mr. Chairman, I, for one, am very sorry to see the minister proposing certain amendments to section 46. I feel that the section as it stands in the proposed code is quite adequate. My reason for saying this is that I cannot help feeling that a very unrealistic attitude is being taken concerning the word "war". I know there are plenty of legalistic niceties as to whether we are at war or are not at war with a country. But the situation in the world today is not the same as it was a hundred years ago when people sent a nice, formal declaration of war.

The present situation of the world is, I suggest, almost unique—and I believe the minister would agree with that statement. One may apply the various gradations of war —hot war, cold war, lukewarm war, undeclared war, hostilities—everything else. I think it is time we took a good look at what the situation really is. We were not a few months ago technically at war with communist China or with North Korea. But we had men fighting over there, men who died there. Yet we were not at war with them, of course!

Then, at the present time we are not technically at war with Russia; but to say the least, I cannot help feeling that there is a certain tension between the two countries. Let us suppose that Mr. X sells secrets to Russia or to some of her satellites concerning our radar defence in northern Canada, or about weapons we may have, which he knows perfectly well would be a procedure detrimental to this country and the United States.

At the present time he would go to prison, under the suggested amendment, for only fourteen years. I am sure there are many members in the house, who, whether they choose to say so or not, would agree with me when I say that a penalty of fourteen years for a person who sold secrets concerning our radar defence either to Russia or to Poland, or to some other country, would not be sufficient.

I cannot understand why the minister has made the change in this section. I know that during the past few weeks and months we have been bombarded with letters from the Canadian peace congress, and all sorts of other organizations, some of them genuinely sincere and believing that they are taking a proper procedure. One hears all sorts of stories about some mythical scientist who might by some accident communicate some form of information in the field of medicine to another country, and bring himself under this section.

I suggest however that in the present wording of the clause, prior to the suggested amendment, there is wide enough scope for a judge to make a proper decision in the matter of penalty.

Only in the very extreme case, such as the one I have cited where someone sells Canadian radar network secrets to Russia, would, I imagine, the death penalty be contemplated. But I cannot for the life of me see why the minister proposes this change. It is just playing right into the hands of the propagandists who work on behalf of the communists and fellow travellers.

Mr. Herridge: Mr. Chairman, I would like to say a few words on this section before the minister replies. I agree with the hon. member for Winnipeg North Centre when he made the comment that the amendments introduced by the minister are at least a slight improvement. However, it is very difficult to discuss the amendments if you do not have a copy of them before you. But in any event I rise particularly to support the point of view advanced by the hon. member for Winnipeg North Centre and the hon. member for Vancouver-Kingsway.

There are two major objections to this particular clause. As the hon. member who has just resumed his seat pointed out, we have been bombarded in recent months with communications, cards and briefs from trade unions and other organizations interested in civil liberties and human freedom. I received one from the study group at Carleton College which presents in quite an excellent manner their criticism of the clause we are now discussing. I do not believe, Mr. Chairman, that I can do better than just quote briefly from their letter because they emphasize, in other directions, the very points raised by the hon. member for Winnipeg North Centre and the hon. member for Vancouver-Kingsway. I believe this is a very thoughtful presentation with respect to these proposed amendments to the Criminal Code, but before dealing with their specific objections I want to read a short introductory paragraph from this letter which was formulated by a student Christian movement study group at Carleton College in Ottawa. I presume this letter was sent to every hon. member in the house. This paragraph reads:

> Generally speaking, however, we feel quite definitely that certain civil rights are being infringed upon. We realize that Canada, both internally and externally, is attempting to adjust herself to changing world conditions. But even in these troubled times, basic freedoms, dear to our democracy, should not be forgotten. War hysteria is a phenomenon which, unchecked, could threaten the very foundations of our democratic way of life. In trying to protect ourselves against forces which are the embodiment of injustice and totalitarianism we must not become unjust and totalitarian ourselves.

I am sure all hon. members in this house will agree with those sentiments. The letter continues:

> We feel that our findings are well worth your consideration and trust that you will seriously and conscientiously read our objections.

The letter continues with respect to clause 46 dealing with treason:

> (1) Every one commits treason, who in Canada (c) assists an enemy at war with Canada, or any armed forces against whom Canadian forces are engaged in hostilities whether or not a state of war exists between Canada and the country whose forces they are.

After quoting that section they go on to offer these criticisms:

> We do not object fundamentally to the phrase "assists an enemy at war with Canada" but we do object to the remainder.

I have received representations from a good many people who do. The letter continues:

> We do not question the right or the necessity of the crown to exercise vigilance in a time of international tension. We do not condone those who commit treason by helping an enemy at war with Canada. But is not a wide interpretation possible here? First of all, what does "assists" mean? Justice Minister Garson has said (House of Commons Debates, June 1951 at page 4636) "assisting means assisting in any way whatever". This consideration aside, *Saturday Night*, Vol. 67 No. 30, editorialized on this clause under the heading "What's Treason Nowadays" . . . "The extreme uncertainty and obscurity of the new definition of treason which makes it cover, not merely assistance to an 'enemy' but also assistance to 'any armed forces against whom, etc.? . . .' The existence of a state of war, and consequently of a defined enemy, is a matter of proclamation. The Queen tells her Canadian subjects to whom

they may not lend assistance . . . No such official action is necessary to turn a legitimate action into treason when the test is merely that the action benefits any armed forces against whom Canadian forces are engaged in hostilities".

There is also the important matter of considering with how many countries Canadian forces are presently engaged.

Of course, this was drawn up during the Korean war. The letter continues:

No doubt Canadian forces are fighting Chinese forces. Does this mean that a Canadian businessman who consigns a cargo of non-war goods to Red China, even through intermediary countries, is treasonous, or that a Canadian labourer working with the United Kingdom (for by section 46 (2) this man would not have to be in Canada but only one "who owes allegiance to Her Majesty in right of Canada") engaged in trade with Red China would be found guilty of treason? We understand the situation it is designed to cover. Even so, we do not feel that the situation justifies such variation in the definition of treason, a crime punishable by death.

I would like the minister to deal with these criticisms in his reply. The letter then quotes clause 46 (1):

Every one commits treason who, in Canada,

(f) conspires with any person to do anything mentioned in paragraph (d);

(g) forms an intention to do anything mentioned in paragraphs (a) to (e) and manifests that intention by an overt act.

I thought the hon. member for Winnipeg North Centre dealt with that clause very well and I completely agree with his remarks. But the letter comments as follows:

Here an overt act manifesting mere intention is punishable by death, or life imprisonment, for example, it would appear that a person writing a letter to an agent of a state other than Canada arranging a meeting to communicate information might be guilty of treason—even though the letter was never mailed. It would be a reasonable police power to make the writing of such a letter an offence. But to go this far "behind the harm" and call it treason is unjust and out of line with the general tenor of our criminal law.

I believe the latter point is well taken. I would like the minister when he replies to the criticism of the act in regard to this clause to give his opinion of the criticisms outlined in this brochure.

Mr. Ellis: Mr. Chairman, I think I should call it six o'clock.

At six o'clock the committee took recess.

AFTER RECESS

The committee resumed at eight o'clock.

The Chairman: When the committee rose at six o'clock we were discussing clause 46 and the amendment proposed by the hon. member for Coast-Capilano. Shall the amendment carry?

Mr. Ellis: Mr. Chairman, I want first to comment on the remarks made by the hon. member for Vancouver-Kingsway when he spoke with regard to paragraph (g) of subsection 1 of section 46 which reads as follows:

Every one commits treason who, in Canada . . .

(g) forms an intention to do anything mentioned in paragraphs (a) to (e) and manifests that intention by an overt act.

I wholeheartedly agree with the comments made by the hon. member. I think it an unusual section for one to find in our Criminal Code. I think it indicates a departure from our accepted idea of our law. There are several other sections on which I should like to comment very briefly.

In paragraph (d) of subsection 1 of section 46 provision is made that:

Every one commits treason who, in Canada,

(d) uses force or violence for the purpose of overthrowing the government of Canada or a province;

I should like the minister to define the words "force or violence". Those two words are perhaps open to wide interpretation. In our own history I think we have witnessed events which should point out the seriousness of this particular part of the section. In 1935, I recall that a group of young men from western Canada arrived in my own city on the way to Ottawa to place before the government their demands for work and wages. I recall people in my own city who at that time said, "These people are ne'er-do-wells: they are out to overthrow the government and to disturb constituted authority." Indeed there were many people in responsible positions who took that point of view. We know that the end result of that episode was an unfortunate riot. I draw that matter to the attention of the committee in order to indicate that in recent history there have been times when the interpretation of the use of force or violence and the intent of individuals were open to a great deal of question.

I do not think anyone who wanted to give the matter any serious thought or who thought about it objectively would ever have suggested that young, single, unemployed men who were looking for work and wages were out to overthrow the government of Canada by violence or force. But I remind the committee that in this country there were people who said that. Indeed, editorial opinions were expressed to that effect and even sermons were preached from some of our pulpits to the effect that the main purpose behind this march was an attempt to overthrow constituted authority.

There have been other occasions when the intent of individuals was open to question.

The hon. member for Winnipeg North Centre referred to the Winnipeg strike. In doing a little bit of research and reading on that matter I have uncovered evidence pointing out quite conclusively that there were many people who at that time argued that the Winnipeg strike was not an ordinary strike at all but was an attempt to overthrow the government of Canada by force and violence. I draw those two incidents to the attention of the minister in order to indicate the seriousness of the particular section and the need for a clear-cut definition. I should therefore like the minister to give a definition of the term "force and violence" in connection with the overthrow of the government, so that it will be crystal clear as to what this section means.

Then in paragraph (e) of subsection 1 of section 46 reference is made to communication of military or scientific information. I think the term "scientific information" is one which should be carefully defined. In this world of ours I think we realize that all information and scientific knowledge is cumulative, and that it is the result of investigation and research being done by many hundreds or thousands of scientists in all parts of the world. We should therefore be careful to define our terms so that by no stretch of the imagination will this provision restrict the normal interchange of scientific information. I can quite appreciate the intent behind this section. Certainly none of us would approve the transmitting of information of a highly strategic character to any nation with which we might be at war or with which our relationships are not altogether too satisfactory; but I think we have to be careful in this instance to make certain that we do not restrict normal scientific advance.

I recall several years ago listening to a University of Chicago round-table discussion on a Sunday morning. At that time the scientists in the United States were greatly worried about the activities of the government in the country, particularly those of the army, in restricting and censoring papers which they wished to read at scientific conferences. On this score I think the minister should make clear to the committee just what is meant by this term "scientific information".

In paragraph (c) of subsection 1 of section 46 we find the words "assists an enemy at war with Canada". Some other hon. members dealt with this matter this afternoon. I think the main thing here is to have a clear definition of what we mean by "assists". The word "assist" has a broad meaning. In the light of present-day conditions I think we ought to be careful to make quite clear what we mean. I think one hon. member this afternoon mentioned the Mau Mau terrorists in central Africa to develop a point. I should like to indicate, perhaps by using this hypothetical case, the danger involved here. At the present time British troops are employed in central Africa combating the Mau Mau terrorists. It is altogether possible that in Great Britain there are differences of opinion as to how the government should deal with this particular problem. The official view of the government seems to be that the terrorists should be crushed and that the status quo should be maintained in Kenya. There may be those in the United Kingdom who believe that the best way of handling that situation would be to make some improvements in that country in order to meet some of the difficulties or complaints which have brought about this wave of terrorism. Indeed there may be those who argue that the best thing for Britain to do is to withdraw completely from that colony. There is a difference of opinion.

At the present time, if the section which we are now discussing were the law in Great Britain, a situation could develop wherein, if the official government position was that the British government was going to use all the military measures at its command to beat down the Mau Mau menace, anyone in the country who spoke against that policy and who advocated, for example, the withdrawal of Britain from that particular part of the area, or who urged the government to quit that area, could be described as giving aid and comfort to the Mau Mau terrorists and therefore, I suggest, could be held to be guilty of treason under the act.

Mr. Philpott: Oh no.

Mr. Ellis: Perhaps that is an interpretation with which some hon. members will not agree, but I suggest in all sincerity that it could be interpreted in that way.

Mr. Philpott: Will the hon. member permit a question? Surely not under the new act, under the old act, but surely not under the new act—

Mr. Ellis: Mr. Chairman, I did not quite get a question out of that. I heard a comment.

Mr. Philpott: I can make it a question. When it is plainly stated that the enemy must be at war with the forces of Canada, how can the hon. member get the Mau Mau terrorists into that?

Mr. Ellis: I thought I had explained that I am taking a hypothetical case. I am suggesting what the situation might be if the section we are now discussing were the law of Great Britain. I am taking the situation over there. I am trying to get away from this country because I realize that in this

day and age it is very difficult to be entirely objective on these matters. I think we can be a little more objective sometimes if we make our propositions hypothetical and remove them from our shores. I think I made my point quite clear. I am suggesting what could happen in Great Britain if the section which we are discussing were the law of that land.

If an Englishman were to criticize his government about Kenya or to insist that the government quit Kenya rather than supporting the police action or punitive measures being taken in that country against the Mau Mau, he could be held liable for treason under this section.

Mr. Michener: Which section?

Mr. Ellis: The section we are discussing, 46. Subsection (c) reads:

assists an enemy at war with Canada, or any armed forces against whom Canadian forces are engaged in hostilities . . .

That is the situation I have been describing with respect to England, and if this section were the law in that land it would read:

assists an enemy at war with Great Britain, or any armed forces against whom British forces are engaged in hostilities . . .

The Mau Mau could be construed as an armed force and they are engaged in hostilities against the British forces in Kenya. Therefore under the terms of this provision persons in Great Britain who oppose the policy of the government could be accused of treason. That is my suggestion to the minister. He may disagree with that. When he replies he may take a different point of view, but from a reading of this section I cannot see why the government could not interpret it to include the kind of situation I have just described.

In recent times we have seen police action taken on behalf of the United Nations, and I think perhaps we may see more instances of that kind.

Mr. Fulton: Where? Indo-China?

Mr. Ellis: With respect to the Korean situation, when it was decided that the United Nations forces should go north of the 38th parallel and move towards the Yalu river that move was opposed by the British government, by the Indian government and by a great many other governments. If this section had been in effect at that time a citizen could have been liable under it if he had expressed disapproval of that particular phase of the police action. I suggest that the important thing we must remember is that we do not want in any way to restrict the rights of Canadian citizens to express their opinions on matters of policy, including matters of foreign policy.

I realize there are many in this country who are opposed to some of these sections for different reasons than those for which we are opposed to them. But regardless of who may be in favour of this provision and who may be opposed to it, I think we as members of the house must use our individual judgment and decide about this section on its merits. I should like to draw to the attention of the committee an editorial that appeared in *Saturday Night* of May 3, 1952. It is headed, "What's 'Treason' Nowadays?" It deals with these sections of the Criminal Code and reads in part as follows:

Saturday Night had no enthusiasm for those amendments at the time when they were quietly wangled into the code with the least possible advance notice, and we have no more enthusiasm for them now, being convinced that they are potentially dangerous to the freedom of the citizen.

We pointed out at the time the extreme uncertainty and obscurity of the new definition of treason, a crime punishable by death, which makes it cover not merely assistance to an "enemy" but also assistance to "any armed forces against whom Canadian forces are engaged in hostilities whether or not a state of war exists". The existence of a state of war, and consequently of a defined enemy, is a matter of proclamation; the Queen tells her Canadian subject to whom they may not lend assistance and when such assistance becomes treasonable. No such official action is necesary to turn a legitimate action into treason when the test is merely that the action benefits any armed forces against whom Canadian forces are engaged in hostilities.

Incidentally, this removal of the distinction between "hostilities" and "war" abolishes at one sweep all the "laws of war" as they have developed over the centuries, and creates a new situation to which no precedents or treaties concerning war have any application. Among other things it is not necessary that the Canadian forces in question should have been ordered into hostilities by any action of the Canadian government; they may have been plunged into them by the commander of an allied but alien army. It may be treason to aid an armed force about which the Canadian government does not even know that it is "engaged in hostilities" against our forces, for the amended code says nothing about any action by the Canadian government whatever.

These amendments were drafted very hastily, and upon the urgent instigation of the United States. They have been sharply criticized by many of the best liberal-minded lawyers of the country. They should be very carefully overhauled at the present session.

Mr. Nesbitt: Would the hon. member permit a brief question? Is the hon. member taking into consideration the fact that it is necessary under this section to have what is called *mens rea*, a guilty mind? There has to be the intention to do these things.

Mr. Ellis: I am not going to get involved in a legal discussion with my learned friend. I am not a lawyer and I must confess that my

interpretation of this law is that of a layman. I will leave it to my hon. friend to pursue his particular approach to this matter.

Mr. Knowles: We can give him the answer from Tremeear later.

Mr. Ellis: I have read this editorial opinion to indicate that there are many in this country, apart from those people who have been described by hon. members as submitting urgent recommendations regarding this bill, who look upon some of these sections as being very serious in their effect. I think as members of the committee we should look at this matter from the standpoint of the rights of the individual Canadian citizen. I do not think that in the past we have encountered any particular shortcomings so far as the Criminal Code is concerned. Throughout our history we have found it possible to take care of those who have been guilty of treason against the country.

This afternoon the minister gave a talk in which he went back into the early history of the crime of treason. I think what he said is in itself very good reason why we should be most careful before we make any new departures with respect to the treason laws. When a change in law is made I think it is quite obvious that there should be some reason for that change. We in this group are progressive people. We advocate change but only when change is absolutely necessary, not change just for the sake of change. When the Criminal Code is being revised and consolidated there should be particularly strong reasons why any substantial change should be made.

I believe the minister will have to agree that during our long history—I am speaking now of British history because after all all our laws have been inherited from the British—our laws have not failed to take care of these cases of treason when they have arisen. I feel, therefore, the minister should have a very good reason for suggesting any new departures in so far as this law is concerned.

Mr. Pickersgill: Would the hon. gentleman permit a question? Would he apply the same principle to the economic system?

Mr. Ellis: As I see it, we do apply that principle. We advocate change because, from past history, the need for economic change has been proven. We have had serious depressions in this country. In case the hon. member's memory is short, there were serious economic conditions in this country from 1935 until 1941 which his predecessors did not solve. We in this group advocate change, and we do so because we know that change is necessary. If the hon. member is prepared to accept the conditions that existed prior to the outbreak of world war II as being normal, then that is his right but we in this group maintain that the history of this country has shown the need for a change.

If the minister can show us a great need for a change in this particular section, then of course that will go a long way towards influencing our opinion on some of these things.

Mr. Garson: There is not any change.

Some hon. Members: Oh, oh.

Mr. Ellis: There is a great deal of change here. I cannot quite accept that. I have not the statute with me, but it seems to me that prior to the introduction of this bill the old act required that there be a declaration of war before a person could be charged with treason. A person had to give assistance to a nation with which Canada was at war, whereas under the new section there need be no declaration of war at all.

Mr. Garson: I think my hon. friend is labouring under a delusion because, so far as this particular section is concerned, Bill No. 7 re-enacts the law which my hon. friend from Regina City is discussing as it was on the statute books at the time the bill was under preparation; and the amendments we introduced today are I take it all in the same direction as the hon. member is thinking.

Mr. Fulton: In order to clarify the matter, may I say that paragraph (c) is not new because it was enacted in 1951. However, the minister would not say that paragraph (e) had been there before. I am not discussing whether or not it is justified, but let us be fair and say that paragraph (e) is new law.

Mr. Garson: But paragraph (e) is not what my hon. friend from Regina City has been talking about as I understand him. He has mentioned clause 46 (1) (c) and 46 (1) (d), but he has not mentioned (e). So far as (e) is concerned, the hon. member for Kamloops is quite correct; but the points to which my hon. friend from Regina City is referring as having been changed contain no change.

Mr. Ellis: I am not talking about changes in the last year or so. When we are finished with this bill, as I understand it, this is going to be the Criminal Code of Canada. There are a few matters in connection with capital punishment and lotteries that the commission will have to decide, but my understanding is that we are now revising the Criminal Code of Canada. What I am saying is that the provisions which we are now being asked to pass are different from the law which has

obtained in this country over the years. The minister will agree with that, will he not? I am not referring to what happened a few years ago, but prior to world war II there was a provision that made a declaration of war necessary before a person could be charged with treason. Am I not correct?

Mr. Garson: In so far as clause 46 (1) (c) is concerned, but that was added to the code in 1951. If I recall correctly it was changed at that time, but it is not changed in this bill. This bill simply carries forward what was introduced into the law in 1951.

Mr. Ellis: I am not going to argue the point of whether this was changed in 1951. My whole approach to this bill is that it will be the revised Criminal Code. It is true that some of the changes made a year or so ago are going to be incorporated, but whether or not a particular change was incorporated two years ago or more does not alter the validity of the arguments which are being raised now. We want this changed, and that is my argument.

Mr. Garson: You want it changed back.

Mr. Ellis: Certainly, I am saying it has been changed from the established practice. Merely because the change was made two years ago does not mean it was the established practice.

With regard to this section, Mr. Chairman, I do feel the objective which we should seek in this committee is to make this country safe from treason and espionage. I feel all hon. members are agreed that we should have good laws on our statute books to protect this country against those who commit treason. When we have gone that far, we must be extremely careful not to make the laws so ambiguous or so difficult to understand that it might be impossible to apply justly and thus create a lot of borderline cases. There should be no possibility of any misunderstanding. I suggest that there are terms used in this section that are extremely difficult to define exactly.

So long as the section is in the form it is now, it does offer some threat to the liberty of the individual. Once we have protected this country against acts of treason, it should be our task to be just as zealous in removing any possibility that this section could be used to deny any Canadians the right to express their opinions on matters of urgent public importance.

Mr. McIvor: I know something about the Winnipeg strike and the marches that took place. One of the causes of this was section 98 of the Criminal Code. I thought then that section 98 should be obliterated, and when our party came into power that was done.

Mr. Knowles: Not entirely.

Mr. McIvor: It took away individual rights. I do not see anything in this act so far that would compare with section 98. So far as the Winnipeg strike was concerned, I was in favour of it up to a point. The strike was won, and decidedly won. The strike committee did not use their grey matter or else they did not have any. If they had waited another week it is the consensus of the middlemen that the strike would have been won. What did the strike committee do? They called out the firemen; they closed down the waterworks; they called out the milk wagons. They took over the government of the city and then they issued cards by permission of the strike committee. Then the middlemen in Winnipeg woke up. They formed a committee of a thousand and that is what beat the strike.

Those who are in charge of labour or those who are fighting labour have to be fair. To me the trouble then was absolute selfishness on both sides. Until we find some way to kill absolute selfishness, there will be trouble.

There is one thing that I should like to say—

The Chairman: Order. I am extremely sorry to interrupt the hon. member, but I wish he would confine his remarks to clause 46 and the amendment proposed by the Minister of Fisheries.

Mr. McIvor: I do not mind being called to order by you, sir, but there is one thing that follows in clause 46, and that is the penalty of death. I may be wrong, but I am one of those who is not absolutely sure that we should have the penalty of death in any case. Thank you.

Mr. Fulton: I know very well that the minister will be anxious to answer the arguments that are being put up. In so far as the defence of the government is concerned, I am not disposed to rush to his rescue, because he is capable of taking care of himself and the government does not deserve, indeed if it needs any, help from this side in respect of its own case. But because we of the official opposition take a rather different view from the views expressed by the hon. member for Regina City particularly, and one or two others who have spoken, there are some factors which are important to bear in mind in order that we may be fair in what we are doing if we should enact this clause in its present form or that of the amendment suggested this afternoon.

In the first place, in so far as subclause (c) is concerned, it is important to bear in mind that it is not the government that is going to be interpreting the clause. I may interpolate here, thank God for that. But the fact is that it is the courts that are going to be interpreting the clause and are going to decide whether an overt act has been committed, or any other act, which indicates that the person accused has done something with the intention of assisting an enemy at war with Canada, or any armed forces against whom Canadian forces are engaged in hostilities. Owing perhaps to the reluctance of this government to face facts, what used to pass for or be called "at war" is now described as "a state of hostilities." We have things called "states of hostilities" today and if we have that state of hostilities, then it seems to me that we have to take account of it in our criminal law, and that is what this section enacted in 1951 did, and that is I imagine the purpose for which it is being continued.

I suggest this also to my hon. friends who are concerned about the possible abuses of the section. I recall very clearly when the section was under discussion in this house in 1951 I asked whether it would be possible that it might apply to the case of a Canadian who at that particular time was engaged in making broadcasts from North Korea in favour of the enemy, and accusing the United Nations' troops of indulging in germ warfare, which to me is very close to treason, if in fact it does not constitute treason. I was told at the time that it was the opinion of the law officers of the crown that this section was not sufficiently wide to make it possible to lay a charge against that person when she might return to Canada. If that is so, then it seems to me that the effect of the section is pretty narrowly restricted, and it is going to cover only genuine cases of treason. It does seem to me that we should admit in realism the possibilities of treason under the new set of circumstances, and that what we have is called a state of hostilities instead of a state of war. Therefore I am not very much alarmed by the continuation of subclause (c) which was enacted in 1951.

I should like to deal for a moment with subclause (g) which also has given rise to concern and express why it is that we are prepared to support this clause in its present form. It is being suggested that to provide that a person who forms an intention to do anything mentioned in paragraphs (a) to (e) and manifests that intention by an overt act is guilty of treason is something that should not be in our Criminal Code. I just point out that it is in that form in almost these words in section 78 of the Criminal Code, which has been there since at least 1906, if not indeed since 1892, and which reads:

> Every one is guilty of an indictable offence and liable to imprisonment for life who forms,—

Then there are detailed certain intentions, and it continues:

> . . . and manifests any such intention by conspiring with any person to carry it into effect, or by any other overt act, or by publishing any printing or writing.

Therefore subclause (g) has been in the law for quite some time.

Mr. Knowles: That does not sanctify it.

Mr. Fulton: Not at all, but I think my hon. friends will have to make a better case against it than they have made so far in order to justify its removal.

I should like to ask the minister to enlighten the committee with respect to this matter of liability. I am using the word "liability" in the sense that it says a person is liable. It is pointed out in clause 47, which is the section imposing the penalty:

> Every one who commits treason is guilty of an indictable offence and is liable
> (a) to be sentenced to death—

Now, by the amendments there are certain modifications introduced, and an alternative is made in time of war when he may be liable to be sentenced to death or to imprisonment for life. The question has been raised as to whether the provision of that section providing for a sentence of imprisonment for life makes it possible to impose an alternative punishment. The question was raised by the hon. member for Winnipeg North Centre as to whether that form of words "liable to be sentenced to death" makes it possible to impose an alternative punishment to the death penalty. It seems to me that clause 621 would be the governing section here, where you find in subsection 1 the following:

> Where an enactment prescribes different degrees or kinds of punishment in respect of an offence, the punishment to be imposed is, subject to the limitations prescribed in the enactment, in the discretion of the court that convicts a person who commits the offence.

Then, subclause 2:

> Where an enactment prescribes a punishment in respect of an offence, the punishment to be imposed is, subject to the limitations prescribed in the enactment, in the discretion of the court that convicts a person who commits the offence, but no punishment is a minimum punishment unless it is declared to be a minimum punishment.

With these two provisions taken together, it would seem to me that where it says the person is liable to be sentenced to prison for life that is not prescribed as a minimum punishment, and therefore, in the discretion

of the court imposing the sentence, any imprisonment for a lesser term than life could be imposed. But where you have it set out that a person is liable to be sentenced to death, then I do not see any alternative; I do not see any room for discretion, because if you sentence him to death he is sentenced to death. You cannot sentence him to partial death or to less than death. There surely is no room for discretion. I think we should be quite clear, particularly because of the amendments advanced with respect to clause 47.

I would like the minister to tell us the effect of these apparently alternative sentences, the different sentences of death or of imprisonment for life. I take it that they are alternatives. In other words, a judge can sentence to death, but he need not sentence to death. Therefore if you are not going to sentence to death, you can impose any jail sentence you like—a sentence of life, or any other lesser term. Because of its importance, under section 47, about which I shall have something to say later, I should like the minister to confirm whether or not that view of the law is correct.

Mr. Garson: I think my hon. friend from Kamloops is trying to heap coals of fire upon my head for having opposed his resolution the other day in the matter of crime comics, for he has undertaken tonight to answer three or four arguments for me, and in a manner upon which I certainly must commend him, and with most of which I am in complete agreement. For that reason I do not think it will be necessary for me to devote further time to reply to the hon. member for Regina City. The hon. member for Kamloops has done a first-class job of this already.

Now, with regard to the point he has raised: when I was asked that question this afternoon, without stopping to look at the wording of the section, I was in some doubt, because in the section dealing with murder the wording is that an accused shall be sentenced to death, whereas in the case before us the words used are that he shall be "liable to be sentenced to death". I think, however, for the reasons given by the hon. member for Kamloops, that it is clear beyond peradventure that a distinction has to be drawn between the mandatory sentence of death authorized in clause 47 (1) (a) as it is in the bill, on the one hand, and the discretion given to a court to impose a sentence of death, or imprisonment for life, under clause 47 (1) (b), on the other. Because here are two subsections in juxtaposition, one of which says that the convicted person is liable to be sentenced to death or to imprisonment for life, and the other of which says that an accused person shall be liable to be sentenced to death. It seems quite clear that in the first case there is a discretion in the court as to which of two alternative sentences may be imposed, but in the second, there being no alternative to the death penalty, it is mandatory.

Members who want to make absolutely certain of this point wish to amend 47 (1) (a) so that it would have the same wording as that in the section providing for the death sentence for murder. I do not think that is necessary because, historically, the death sentence has always been mandatory for treason, and the wording we have in section 47 (a) is the wording which goes back to 1892, when the code was first enacted, and which has prevailed ever since that time.

Mr. MacDougall: Mr. Chairman, like the hon. member for Regina City, I am not a lawyer; and I was impressed by the lack of reality in his speech.

It seems to me that the Criminal Code, basically and fundamentally, is a Canadian Criminal Code for Canadians. I do not know why we should get involved with the Mau Mau. What I am asking is that we keep to the idea that this is a Canadian Criminal Code. If we were to do that I think it would be better for all members in the house, and all Canadians outside the house.

As to this question of treason, I would point out that when the Criminal Code was first discussed in the house two years ago I had a few words to say on the subject of treason and sabotage. I have not changed my mind one iota since that time.

Mr. Knowles: A typical Liberal.

Mr. MacDougall: It is quite possible to put up a plausible argument for a lessening of the penalty for treason. One can allow himself to be drawn away from the fundamental principle, and that is that a person who commits treason against his country, particularly in wartime, is not only guilty of the villainous act of treason but, additionally, he is guilty of mass murder. And let us not mistake that situation.

Through the medium of the press and through debates in the house we hear suggestions concerning those poor people who have committed murder, to the effect that they should not be hanged. Well, whether they should or should not be, it seems to me the time has come for parliament and all people in Canada to realize that when someone is murdered, that murdered person is one of a family who will sorrow for the loss, just as we see people sorrowing about the fate of the murderer.

I believe we can allow our emotions to run away with us on an issue like this. My suggestion is that we should keep in mind the horrible results that can flow from treason. It is not the murder of one person or two: It may be the murder of 200 or 2,000 innocent people. Rather than go along with the hon. member for Regina City, and try to minimize the effect of the Criminal Code, I suggest to the House of Commons through you, sir, that we should increase the intensity of punishment. We should not allow ourselves to be carried away by emotional sentiment.

I will admit much can be said on both sides of the question. But let me explain this, that freedom is not licence. When we have freedom in the country it does not mean that we are permitted by the laws of the country to commit mass murder. And, particularly in wartime, it seems to me the death penalty is not too great when treason has been proved. I think the people of Canada generally would agree with me when I say that treason is one of the most despicable crimes that can be committed against one's fellow man.

I recall from my public school days a verse which, while not written particularly on the subject of treason, does make reference to those who have no patriotic feeling toward the land of their birth. If my memory is not at fault, the verse runs like this:

Breathes there the man, with soul so dead,
Who never to himself hath said,
This is my own, my native land!
Whose heart hath ne'er within him burn'd
As home his footsteps he hath turn'd,
From wandering on a foreign strand?
If such there breathe, go, mark him well;
For him no minstrel raptures swell;
High though his titles, proud his name,
Boundless his wealth as wish can claim,—
Despite those titles, power and pelf,
The wretch, concentred all in self,
Living, shall forfeit fair renown,
And, doubly dying, shall go down
To the vile dust, from whence he sprung,
Unwept, unhonour'd, and unsung.

Surely the man or woman who holds Canadian citizenship either by naturalization or by birth should not at our hands receive a lesser sentence than has been depicted in the closing words of the verse I have just recited. Treason is a despicable crime and the tougher it is made on one who has committed such a crime then as far as I am concerned the happier I will be.

Mr. Cameron (Nanaimo): Mr. Chairman, if we can come down from the realm of the poetic for a moment and discuss the very unpoetic and pedestrian wording of this clause I should like to have some explanation regarding subclause 3 of clause 46 which states:

(3) Where it is treason to conspire with any person, the act of conspiring is an overt act of treason.

If we look back to subclause 1 it will be noted that there are two paragraphs there which appear to cover that particular case. For example paragraph (f) states:

conspires with any person to do anything mentioned in paragraphs (a) to (e).

I assume that the actions set forth in paragraphs (a) and (e) comprise the circumstances under which it is treason to conspire. Then in paragraph (g) we have it carried a little further. I refer to the paragraph to which my colleagues objected and to which I add my own objection. Surely we are attempting to decide what were the intentions of those who conspired. The question I want to find the answer to is the necessity for subclause 3 when we already have paragraphs (f) and (g) of subclause 1. Is there some other purpose to it than is set out there? It seems to me we cover quite effectively the treason which is involved in conspiracy in the previous subclauses. Or is there some distinction between committing treason and committing an overt act of treason? Would the minister give us an explanation?

Mr. Garson: Mr. Chairman, clause 46 in subclause 1 lists under paragraphs (a) to (d) inclusive examples of different forms of treason and then in paragraph (e) it lists the paragraphs which have been mainly under discussion this afternoon and this evening which cover the communication of information which being brought in under the treason section is made treason. Paragraph (f) refers to the conspiracy of committing the offence of treason.

Mr. Cameron (Nanaimo): As set out in the previous subclauses?

Mr. Garson: Yes, in all the previous paragraphs. In other words, they may not succeed in committing the offence of treason under paragraphs (a) to (e) inclusive, and it may not be possible upon the evidence which is available to the prosecutor to say anything more than that a conspiracy was hatched to commit treason, and that at the time this conspiracy was disclosed the act of treason itself had not been consummated. But the act of conspiring to commit treason is in itself a crime. Paragraph (g) specifies and refers to an overt act indicating an intention to do any of these things above mentioned. But this reference to an overt act is some measure of protection for the accused because it means he cannot be

charged with a mere idea. He cannot be convicted for having an idea. It is only when as a result of entertaining that idea he has done some overt act that he offends against clause 46 (1) (g); and unless that act can be proven against him he will not be convicted under clause 46 (1) (g).

Subclause 3, the other point to which my hon. friend refers, is I believe pretty largely self-explanatory. It states:

Where it is treason to conspire with any person, the act of conspiring is an overt act of treason.

In other words, where the conspiracy which is charged is in reference to an act which is treason then the act of conspiring itself is an overt act of treason within the meaning of paragraph (g) of clause 46, subclause 1.

Amendment agreed to.

Mr. Knowles: Mr. Chairman, before we carry the clause as amended I wonder if the minister will comment on the suggestion some of us have made that reconsideration might be given to the wording of clause 46, subclause 1, paragraph (c). A number of hon. members have quoted from an article in Toronto *Saturday Night*. I have in my hand an editorial from the Ottawa *Citizen* dated Friday, May 2, 1952, which was written on the basis of the article in *Saturday Night*, and also on the basis of what happened in the House of Commons here in 1951. The minister is perfectly correct in drawing attention to the fact that in so far as Bill No. 7 is concerned we are not enacting clause 46, subclause 1, paragraph (c), for the first time. It is old legislation, but not very old. It was introduced for the first time in 1951. Despite the poetic utterances we heard from the hon. member for Vancouver-Burrard on the effect of this clause, I would like to draw attention to this paragraph from the editorial in the Ottawa *Citizen*. The heading is "What is Treason?" and the editorial states:

"Treason," a crime punishable by death, may be interpreted as assisting by trade, criticism, or in any way whatever any armed forces against whom Canadian forces are in "hostilities". Under the term "hostilities" might come any police action in which Canadians were involved by other than Canadian authorities, regardless of whether or not the Canadian government had issued an order or a declaration of war.

The editorial writer of the *Citizen* went on with a sentence which modesty prohibits me from quoting in full, but I will say it refers to the fact that these amendments were passed over protests of a number of "parliamentary watchdogs" of civil liberty and the names listed therein include members of the Liberal party, Progressive Conservative party and the C.C.F. My hon. friend from Vancouver-Kingsway and myself happened to be included, but so also was the hon. member for Prince Albert, and Senator Arthur W. Roebuck in the other place. The *Citizen* editorial writer goes on to say:

When parliament deals with the report of the royal commission on Criminal Code revision, the changes of last June should be reviewed and improved beyond criticism.

I should like to know what the minister has to say in response to that. I think it is fair to say that there has been, in his own words, no substantial change in clause 46, subclause 1, paragraph (c) from the form in which this legislation was enacted in 1951.

Mr. Garson: If my hon. friend will look at the present Criminal Code, if he has it in front of him, he will find that section 74 (i) reads as follows:

Treason is
(i) assisting any public enemy at war with His Majesty in such war by any means whatsoever;

Then if he will look at the first part of section 46 (1) (c) he will see the words "assists an enemy at war with Canada". I am sure that he will not object to that language.

Mr. Knowles: That is pre-1951.

Mr. Garson: Yes, indeed; for many years. The language here used in clause 46 (1) (c) is not so explicit or so far-reaching as that of the code from which it is taken. I take it therefore that when my hon. friend says he wants reconsideration of paragraph (c), he is talking entirely of the words commencing with:

—or any armed forces against whom Canadian forces are engaged in hostilities whether or not a state of war exists between Canada and the country whose forces they are;

Mr. Knowles: That is correct; reading the word "assists" in connection with the words which the Minister of Justice quoted.

Mr. Garson: That is right. In other words, the whole thing would read as follows:

Every one commits treason who, in Canada,
(c) assists . . . any armed forces—

And so on. There is a good deal of editorial opinion to the effect that this wording is the product of inadequate consideration and lax draftsmanship. In a matter of this kind it is extremely easy to sit on the sidelines and criticize. I can assure my hon. friend and those critical editors that we were, in the anomalous situation in Korea, confronted with a legal problem of great difficulty. In international law there was not any state of war. There was no declaration of war. Yet large forces were engaged in a violent conflict and scores of thousands of people were being killed and wounded. Nearly all of the physical and military

characteristics of war were painfully self-evident. Under these circumstances the legal draftsman has a task of no little difficulty to provide that a treasonable act done in relation to these hostilities in Korea which, had it been done in relation to killing people in an officially declared, formal war, would certainly be an act of treason.

I think that there will not be too much disagreement in this committee that treason in substance is treason whether it is committed in relation to the hostilities in Korea or whether it is committed in relation to a war officially declared according to international law. The task of providing words that would cover a case of that sort fell upon the parliamentary draftsmen, and it was only after a great deal of consideration that these words that appear in the section were chosen.

To those who are inclined to criticize them, including the editors, I would say that we who shared in the responsibility take the criticism in good part. We realize that the words may not be perfect. But we should be greatly interested and gratified if our critics would produce a better concept and a better wording to delineate the offence we were trying to provide for. The matter is most difficult. Two or three states may be involved as enemies. We hardly ever know whether any given state is engaged in the war. We are not sure until their troops are identified there that they have any part in it; and even then they may deny it. There is therefore no use of defining the treason in any sense in relation to the state that is concerned. It must be defined in relation to the forces which are engaged in hostilities. That is what has been done. With all due deference to the views that have been expressed this afternoon and this evening by the hon. member for Winnipeg North Centre and the hon. member for Regina City, I would submit that since penal statutes are strictly interpreted by the courts, the assistance that is meant here, and that the courts would interpret to be meant here is assistance to the armed forces of the enemy.

Mr. Ellis: Will the minister say why it would not be possible to put those words in the act?

Mr. Garson: If my hon. friend will just listen carefully, I will read the section to him. It reads as follows:

> Every one commits treason who, in Canada
> (c) assists—

[Mr. Garson.]

I will leave out the reference to "an enemy at war with Canada".

> —any armed forces against whom Canadian forces are engaged in hostilities whether or not a state of war exists between Canada and the country whose forces they are;

Sometimes we can determine who the forces are but we are not so able to determine to which country they belong. Under these circumstances the draftsman is bound to relate the act to assistance given to those forces.

My hon. friend was talking about the Mau Mau and so on. I would ask him if he has such little confidence in a jury of Canadian citizens that he thinks that a person would be found guilty on a charge under this section for making a speech upon the foreign policy of Canada advocating that the British people or rather the Canadian people—I suppose it would be ourselves if we were at war with the Mau Mau; if you could call an affair of that sort war—should withdraw; or, as to Korea, for making a speech in Canada questioning government policy in Korea. A great many such speeches have been made, in fact, and I have not heard of any charges being laid under this section. But how could the best prosecutor in the country convince a jury of Canadian citizens that a man who made a speech in Canada questioning the wisdom of Canada's foreign policy in relation to Korea could be assisting the forces in Korea against whom the Canadian forces were opposed?

We must use a little bit of common sense in the interpretation of these provisions. Indeed, as I said before, when penal sections come before the courts the general practice is to interpret them strictly because we do not believe in depriving the accused of his liberty unless the charge can be strictly brought home to him. More than that, one of the difficulties of proving a charge of treason is that there is no other section in the Criminal Code in respect of which the necessity for proving *mens rea* or the guilty mind is more strict than it is in connection with the offence of treason. It would not only have to be proved that the accused in a case of that sort had been guilty of some act the effect of which would have been to assist those armed forces, but the crown would have to bring home to him the *mens rea*, the guilty mind or intent that in what he was doing his intention was to assist the forces engaged against the Canadian forces in Korea. Therefore all this talk about this section being an interference with freedom of speech in Canada is—if I may use this word and if it is parliamentary—just pure unadulterated poppycock.

Mr. Fulton: A stronger word could be used.

The Deputy Chairman: Shall the clause as amended carry?

Some hon. Members: Carried.

Mr. Knowles: On division.

The Deputy Chairman: Carried on division.

Clause as amended agreed to on division.

On clause 47—*Punishment.*

The Deputy Chairman: Mr. Sinclair moves:

That clause 47 of Bill No. 7 be amended by deleting subclause 1 thereof and substituting therefor the following:

"47 (1) Every one who commits treason is guilty of an indictable offence and is liable

(a) to be sentenced to death if he is guilty of an offence under paragraph (a), (b) or (c) of subsection (1) of section 46;

(b) to be sentenced to death or to imprisonment for life if he is guilty of an offence under paragraph (d), (f) or (g) of subsection (1) of section 46;

(c) to be sentenced to death or to imprisonment for life if he is guilty of an offence under paragraph (e) or (h) of subsection (1) of section 46, committed while a state of war exists between Canada and another country; or

(d) to be sentenced to imprisonment for fourteen years if he is guilty of an offence under paragraph (e) or (h) of subsection (1) of section 46, committed while no state of war exists between Canada and another country.

Shall the amendment carry?

Mr. Fleming: Will the mover of the amendment explain?

Mr. Fulton: Mr. Chairman, it is with some regret that I have to say that we find the amendment to this section moved by the minister unacceptable. The reason for that is the amendment deals—I think the minister will agree with me—pretty well exclusively with the fact of a verdict of guilty under subsection (e) of section 46. The intent of the amendment is to provide that if a person conveys information of a military or scientific nature to the agent of an enemy state in peacetime, then the maximum sentence will be fourteen years, and if he conveys such information to an agent of an enemy state when a state of war exists between Canada and any other country then there will be the possibility of the sentence of death or sentence for life or any lesser jail term that may be imposed in the discretion of the court.

It is to the effect of this amendment on subsection (e) of section 46 that I intend to address myself exclusively. I am sorry that the hon. member for Vancouver-Burrard is not in the house because, while I do not echo all the sentiments he expresses, I would imagine he would approve of the sentiments I am about to express and upon which I am about to give him the opportunity to vote. I hope that perhaps some of his colleagues will acquaint the hon. gentleman with the fact that this opportunity is to be afforded him so that he can come in and tell us where he stands.

I take the position that subsection (e) of section 46 is the sort of provision which we should not enact lightly in the Criminal Code of Canada. It is the sort of section which, as I see it, arises out of and is made necessary by the revelations of the royal commission on espionage which revealed the extent to which and the skill with which enemy agents are able to infiltrate even the government service, even the realms in which the most secret research and scientific work is carried on. The royal commission indicated to us not the possibility but the very grave danger of the betrayal of these secrets to the agents of an unfriendly foreign country.

With the developments that have been taking place in the Pacific in the last couple of weeks, with the knowledge we have that Canada is building a radar screen across the north country, and with the knowledge we have that we and our allies are doing our best to develop our own defences against the possibility of attack and also to seek weapons on the basis of the existence of which we hope to be able to deter anyone who may have it in his mind to make an attack, I think it becomes obvious that one of the most vital interests of the state is to prevent knowledge of these defensive systems and of these possible weapons from falling into the hands of the only potential aggressor. It seems to me to be perfectly obvious that that is the aim and object of subsection (e) of section 46.

As I say, even with the reluctance that we experience in enacting this sort of thing in peacetime, it does seem to me that we are justified in placing this type of provision in our law with all the safeguards that have been described in the discussion that has just concluded on the previous section. It seems to me that if we are going to put that into our law we are going to deprive it of any effect, particularly any deterrent effect, if we make the penalties such that a dedicated agent of a foreign country may incur them without too much regard for the consequences. That is the first consideration which comes to my mind.

The second consideration is that probably no more dreadful thing can be done than to betray to a potential enemy the very methods by which we are trying to make ourselves secure against his attack, and particularly

to place in the hands of that potential enemy the weapons which we are developing and which we ourselves rely upon, for the time being at any rate, as being the most powerful deterrents against that sort of attack. In other words, it occurs to me that it boils down to this, that it is just as dastardly an act of treason to betray our secrets at this period as it would be to betray them in time of an actual shooting war, and that therefore the effect of the amendment moved by the minister, providing that the maximum penalty that may be imposed for that type of treason committed at the present time should be fourteen years, is not well conceived and should not be accepted by the committee.

I had thought of moving an amendment to the amendment which would change subsection (b) of the proposed amendment to read:

to be sentenced to imprisonment for life or such lesser sentence as the court in its discretion may impose if he is guilty of an offence under paragraph (e) while no state of war exists between Canada and another country.

But looking it over it occurred to me that that object was already achieved in subsection (c) of the proposed amendment because subsection (c) provides that such person may be sentenced to death or to imprisonment for life if he is guilty of an offence under paragraph (e), and that that effect would be achieved if we deleted the last two lines of subsection (c) and all of subsection (d). Then you would leave alternative sentences, a penalty of death or a penalty of life imprisonment or such lesser jail term as the court in its discretion thought fit to impose.

Therefore the court could take cognizance of the nature of the offence if proven. When I say "proven" I ask my hon. friends of the C.C.F. party and all other hon. members to give due weight to that word. We are not letting down the barriers which protect an accused. We are not making it any easier for the crown to discharge the onus on it, but we are saying that when the crown has discharged that onus of proof, then it shall be in the discretion of the court to take cognizance of the heinousness or otherwise of the crime of which the accused is now convicted by a jury of his peers. If the crime of which he is guilty, and was found to be by that jury of twelve men, is a very serious and dastardly one, possibly giving away important secrets with regard to our radar defences or secrets with regard to atomic or hydrogen bomb development, then it shall be in the discretion of the court to impose the penalty of death. But if the crime is a lesser one, perhaps resulting only from carelessness, inadvertence, or from the fact that the accused was genuinely interested in scientific development and it is at least open to suggestion that the communication he had with the foreign country was to his mind merely a process in the stage of scientific development, and that he had no thought of betraying his country by something of that nature, then it will be in the discretion of the court to impose a jail term up to a maximum of life imprisonment. I call to witness here what the minister has said to me on other occasions about the undesirability of imposing too many restrictions on the court as to the discretion it will use in imposing a sentence or in making the punishment fit the crime. I suggest we are entitled, in the interests of the state, to leave it to the court to decide whether this act of treason, committed at a time when there is no declaration of war between Canada and any other country is a type that merits the death sentence or the lesser sentence of imprisonment up to the maximum of life.

I feel, therefore, that having taken the step, which is a hard step to take, to enact subsection (e) of section 46, we should not weaken our position by deciding that the person who is guilty of that sort of crime in time of peace, possibly with the most reprehensible of motives and the most deliberate of intentions, should not be liable to suffer the most extreme penalty. He may have acted deliberately; he may have acted in a way that makes it clear he knew quite well the effect of his action would be to deprive hundreds of thousands of his fellow men of their lives, so I do not think it is too much to suggest our courts should have the discretion of exacting from him the severest of penalties.

I therefore move:

That the amendment be amended by deleting therefrom all the words after the words "section 46" in the proposed subsection (c) thereof.

Mr. MacInnis: As it has been indicated there is likely to be a vote called on this section, Mr. Chairman, I wish to put myself on record as supporting the amendment that was moved earlier by the Minister of Fisheries. The hon. member for Kamloops said that this amendment imposes too many restrictions on the judge in passing sentence. I do not agree because this amendment outlines quite clearly the penalty for committing the crime, not only under different circumstances but at different times as well. I do not believe that the commission of the crime mentioned in section 46 (e) is the same when committed in time of peace as it is when committed in time of war.

I think probably this should be said by a person who finds himself in my position. A most amazing amount of thought and consideration has been given to the revision and consolidation of this code. I believe it is a

very great thing that the bill has been reviewed in this committee of the whole with such meticulous care. When the bill becomes law there will be sufficient evidence, I believe, of what the parliamentarians had in mind that when the judges have to deal with any of these offences they will find their decision easier than otherwise might have been the case. I do not believe that the crime of communicating secrets to the enemies of Canada is the same thing when committed in time of peace as it is in time of war. If this section comes to a vote we are bound in the interests of good lawmaking to support the amendment.

Mr. Pearkes: I find it extremely difficult to draw an exact line between peace and war. I think of Pearl Harbor. The United States and Japan were at peace, but Japan struck at Pearl Harbor. Might not a situation arise in the future where some treacherous person was able to guide a flight of enemy bombers through, shall we say, our radar screen and up to some vulnerable target in this country, then turn back and leave the bombers to go to their target? He would be, I suggest, committing an offence just as deadly as if he had gone right in with those bombers.

Under this amendment, if he were subsequently captured I suggest he would be able to plead that war had not been declared and that the treacherous act had been committed during peacetime when he had shown the enemy flight of bombers the way to avoid our defences, but before the actual act of war had been completed he had turned around and gone back. He would be able to plead he had committed this offence in peacetime rather than in war.

Mr. Knowles: Like the hon. member for Vancouver-Kingsway, all of us in this group will oppose the subamendment moved by the hon. member for Kamloops, and in turn support the amendment which has been moved on behalf of the government by the Minister of Fisheries. On the assumption that the amendment carries, I may say that we are still not satisfied with clause 47. In our view there are two or three things that are still unsatisfactory about it. We have already expressed our views with regard to capital punishment itself, and I want to say I do not think the minister satisfied me earlier this evening on the point as to what the judge does with respect to a person accused under clause 47 (1), (a), (b) or (c), where the penalty may be the liability to be sentenced to death.

What I have in mind there is that though in the lesser crimes the judge is given an alternative, in connection with the highest form of treason there is no alternative whatsoever. However, I do want to extend my commendation to the government and to the cabinet for having given consideration to this matter, for having set up a subcommittee, as the minister pointed out this afternoon, to go into it and to come up with at least some amelioration of the situation as proposed in the amendment of the government which is now before the house.

As I listened to the hon. member for Kamloops, I recalled something I ran across a few days ago in a book by Lord Rosebery on the life of Pitt. He discussed some of the very restrictive and coercive laws that were put on the statute books in the days when Pitt was prime minister, at the turn from the eighteenth to the nineteenth century. He speaks as an Englishman who is not happy over the fact that there had been on the statute books of that country at various times certain restrictive and coercive pieces of legislation, and he says one or two things that I should like to quote:

> It is not easy in cold blood to defend these proclamations and prosecutions and bills. Still less easy is it for a generation that has so often resorted to coercion to criticise them. Ever since the death of Pitt, all English governments have at times adopted those exceptional measures for which their supporters are so apt to censure him.

He goes on a little further to say:

> For the extraordinary laws parliament itself bears the burden. Its secret committees and reports made it impossible for any minister to refrain from proposing coercion bills. The scandal and terror caused by the assault on the king were the cause of others.

This is the sentence to which I draw particular attention:

> These laws were passed, and these prosecutions instituted under the ignorant ferocity of panic.

I hear people saying there is no comparison. I submit we are brought very close to that situation in the remarks that some hon. members are making. There is panic and there is fear, and some amongst us are forgetting some of the great principles of freedom and liberty that are so basic to our way of life. I think of those words of another Conservative, uttered not so long ago, Sir Winston Churchill, when he said that we must not lose faith in democracy's capacity to tolerate free speech. It seems to me, Mr. Chairman, that these restrictive measures, these attempts to increase penalties like this, suggest a sense of panic that is really not necessary and is not in keeping with our democratic tradition.

The Deputy Chairman: The question is on the amendment to the amendment.

Mr. Fulton: Before the question is put I think one should deal just briefly with the suggestion that I suppose is bound to be made

on a matter of this sort, and that is the amendment that we have moved here today, the amendment to the amendment, represents a restriction on free speech. We are dealing with subclause (e) of clause 46, and the penalty to be imposed if a person is convicted of an offence against that section. Let us read what it says:

(e) without lawful authority, communicates or makes available to an agent of a state other than Canada military or scientific information or any sketch, plan, model, article, note or document of a military or scientific character—

And here are the important words:

—that he knows or ought to know may be used by that state for a purpose prejudicial to the safety or defence of Canada.

I am not able to see that there is any infraction of the right of free speech in stating that a person will not be free to communicate to an agent of a state other than Canada information of a scientific character which refers to radar, radar installations, the H-bomb, our atomic research in the field of weapons; that sort of scientific information, or of a military nature; the disposition of Canada's defences, the defence plans and installations which are designed to protect us against aggression, or to be called into effect if we ourselves should be attacked; information of that nature that he knows or ought to know may be used by that state for a purpose prejudicial to the safety or defence of Canada. Is there any infraction of the right of free speech in saying that a man will not be free to convey that sort of information which he knows or ought to know may be used against us, against his own fellow citizens? I think, sir, although I am a member of the Conservative party and of the official opposition, that I have a reasonable—I was almost going to say a liberal mind; I don't mind using that word—

Mr. Fleming: Make sure it is spelt with a small "l."

Mr. Fulton: Yes, and a much more liberal mind than some of my colleagues on the other side of the house. I think that our whole position over the past few months and years has indicated that, but I cannot see anything here that is an infraction of the right of free speech. Since we have taken that position to make it an offence to convey to an agent of an enemy state such information for such purposes, then it seems to me that it is a matter we can discuss and debate here without accusing each other of transgressing on civil liberties as to whether, if a person is found guilty by a jury of his peers of that offence, and found guilty after he has been tried in our courts with all the safeguards that exist there, and which we certainly at this time have done nothing to remove; with all the safeguards which surround an accused person, then, what we are doing by our amendment to the amendment if it carries, in modification of the minister's amendment, is saying that it shall be open to the courts to determine whether the crime of which the accused is convicted is of a sufficiently heinous nature with respect to its effects upon the fellow citizens of that accused person to warrant even the imposition of the most extreme penalty.

It will be up to the courts to determine that. We are not saying that every person accused shall be dealt with in that way. We are saying that if the crime is potentially dastardly enough we are justified in leaving it to the courts, if the accused has been found guilty, to say whether or not he shall be punished in that way; that is all.

Mr. Nesbitt: I expressed my views on this, I may say, in no uncertain terms this afternoon. Before we come to a vote on this amendment to the minister's amendment I was wondering whether he would care to comment on some of the arguments that have been presented by this party; because I cannot conceive how the minister could have moved the amendment he did, in view of some of the arguments that are being presented here.

The Deputy Chairman: Is the committee ready for the question. The question is on the amendment to the amendment.

Amendment to the amendment negatived: Yeas, 16; nays, 55.

The Deputy Chairman: I declare the amendment to the amendment lost.

The question is on the amendment. Those in favour of the amendment will please say yea.

Some hon. Members: Yea.

The Deputy Chairman: Those opposed will say nay.

Some hon. Members: Nay.

The Deputy Chairman: In my opinion the yeas have it.

Mr. Fulton: Carried on division.

Amendment agreed to on division.

The Deputy Chairman: Shall clause 47 as amended carry?

Mr. Knowles: On division.

Clause as amended agreed to on division.

On clause 48—*Limitation.*

Mr. Cameron (Nanaimo): I notice that subsection 2 of section 48 contains some restrictive aspects on the proceedings for overt treason, as set out in clause 47. I notice that it does not include the overt act of treason that is defined in section 46 (3). I wonder if the minister could tell us why that distinction has been made?

Mr. Garson: Mr. Chairman, until I heard my hon. friend comment just now I would have said that clause 47 provides penalties for all offences described in clause 46. It will be noted that clause 47 is the penalty clause. What is the language upon which my hon. friend is relying in support of his allegation to the contrary?

Mr. Cameron (Nanaimo): In the first place we turn to section 48 and we see this:

No proceedings shall be commenced under section 47 in respect of an overt act of treason expressed or declared by open and considered speech—

And so on. Now then, overt acts of treason set forth in clause 47 are only those that are set forth in paragraphs (a), (b), (c), (d), (e), (f) or (g) of clause 46, and have no reference to clause 46 (3).

Mr. Garson: May I point out that clause 46 (3) is a subsection in the nature of an interpretation section. It does not create a new offence, but it makes it clear that the "overt act" referred to in paragraph (g) of clause 46 (1) includes the act of conspiring to commit treason. Subsection 3, in a sense, is a definition section, and it explains what an "overt act" of treason includes. It includes the act of conspiring to commit treason.

Mr. Cameron (Nanaimo): I am still a bit at sea. I was not at all satisfied with the minister's explanation when I raised the point on clause 46, and I am still in a fog. I said at that time that I could not see any necessity for subsection 3. It does not refer specifically to the previous subsections of clause 46. It just says, "where it is treason to conspire". Now, where is it treason to conspire?

Mr. Garson: Clause 46 (1) (g) reads in this way:

Every one commits treason who, in Canada . . . (g) forms an intention to do anything mentioned in paragraphs (a) to (e) and manifests that intention by an overt act.

Now, if a charge were laid under paragraph (g) the question would then arise: What does such overt act include? Subclause 3 of clause 46 answers that question by saying:

Where it is treason to conspire with any person, the act of conspiring is an overt act of treason.

So that then the prosecutor and the accused person himself knows that when a charge is laid under clause 46 (g), among the other overt acts of treason that can be brought home against an accused is the act of conspiring to commit treason.

Clause agreed to.

On clause 50—*Assisting alien enemy to leave Canada.*

Mr. Knowles: I should like to ask the minister one or two questions on this clause. First of all, will he comment on lines 31, 32, 33 and 34 which read—

—unless the accused establishes that assistance to the state referred to in subparagraph (i) or the forces of the state referred to in subparagraph (ii), as the case may be, was not intended thereby, or—

Is this not another case of putting the burden of proof on an accused? I see the minister shaking his head and, while I like to see him shake his head, I would rather hear what he has to say.

Mr. Garson: To begin with, as the sidenote on the opposite page indicates, this is a re-enactment of section 76 in the existing Criminal Code. The lines about which my hon. friend complains provide a defence for an accused against the charge brought against him, and where it has been proven that he "incites or wilfully assists a subject of (i) a state that is at war with Canada, or (ii) a state against whose forces Canadian forces are engaged in hostilities, whether or not a state of war exists between Canada and the state whose forces they are, to leave Canada without the consent of the crown". These lines enable the accused to make a defence for himself by proving that he did not intend to assist such state or such hostile forces.

Perhaps I might illustrate by giving a parallel example of a case that actually occurred in Great Britain. This was the case of Rex *v.* Ahlers, 51 K.B. 616, where the accused was charged with adhering to the king's enemies by aiding and comforting them. The accused, who was a naturalized British subject, acted as consul for the German government in the first world war. He assisted German people to return to Germany in August, 1914, after a state of war existed between Great Britain and Germany.

I would ask my hon. friend to follow this, as compared with the defence provided in this bill, because the charge was somewhat the same. His defence was that he believed that under international law nationals of belligerent countries were allowed a certain time to return to their own countries if they so desired, and that he had no evil intent

in assisting the Germans to return to Germany. It was held by the court of appeal that the jury should have been told in the judge's charge that they must consider whether the acts of the appellant were done by him with the intention of assisting—

Mr. Knowles: I wonder if the minister would go back a sentence or two, and repeat.

Mr. Garson: Yes, it was held the jury should have been told by the judge whether that action had been taken with the intention of assisting the king's enemies, or whether, on the other hand, he acted without any such evil intentions. The crown must prove the intention. In the present case it is specifically provided the accused can come along and establish that the assistance to the state referred to in subparagraph (i) or the forces of the state referred to in subparagraph (ii), as the case may be, was not intended thereby, and in that way he establishes his defence. In this case in Great Britain it was held the judge should have charged the jury as to the nature of the defence which was established in that case.

Mr. Knowles: Was the case in Great Britain quoted by the minister based on British law or was it an appeal in connection with a Canadian case?

Mr. Garson: It is based on British law.

Mr. Knowles: Has the minister the corresponding section from British law?

Mr. Garson: I do not think we have a charge of adhering to the King's enemies but that I believe would come under (c) assisting an enemy at war with Canada, or specifically it would come under assisting enemy aliens to leave Canada and get back to their own country.

Mr. Knowles: I appreciate the case the minister has brought to our attention and I can see that it might cover this clause, but I confess I am not fully satisfied. I think the reason for my last question was obvious, namely that the court's decision was based on the wording of a British statute which may not be parallel to this clause. Its significance would not necessarily carry over. According to clause 50, it is a defence for the accused to be able to establish that the assistance he is charged with having given was not intended to be assistance to the enemy. That is a defence.

Mr. Garson: Yes.

Mr. Knowles: But supposing he is not able to establish that defence? Does the case then go against him automatically on the basis that he has not established the required defence? What is there in the section to require the crown, in the absence of the accused establishing that defence, to prove that there was intent?

Mr. Garson: First of all, the crown has to prove that he wilfully assisted, and they prove that by showing that in fact he got these people back to their homes in the same way as the crown has to establish the case in Great Britain. Then he comes along and says: "Well, I got them back all right, but I did not do that to help this other country. I did that because I was under the impression that there was a period of time during which it was quite proper for them to go back and I did not do it to help the German government against the British government. I did it because of this mistaken impression that there was a period of time during which it was proper for me to do that." I have not read the full report, but judging from the Ahlers case he was found guilty and then the case was taken to the court of appeal on the grounds that there had been a misdirection and that the judge should have charged the jury to the effect that the crown must prove an intent on the accused's part to assist the king's enemies and that the jury should consider the evidence which showed that he had no such intention.

Mr. Knowles: I hope that judgment from the British court has significance for our own courts.

Mr. Garson: But the advantage of this clause in clause 50 is that the case goes against the accused, unless the accused establishes that assistance to the state referred to in subparagraph (1), and so on was not intended by what he did.

Mr. Knowles: I can see that that is a defence if he is able to produce it.

Mr. Garson: If he is not able to produce it then he would not have a defence and he would be found guilty.

Mr. Knowles: That is my point. Does it follow automatically that if the accused cannot prove himself innocent he is then found guilty?

Mr. Garson: No, it does not. It is only when the crown is able to produce evidence to prove a prima facie case against the accused that if the accused cannot answer this prima facie case the crown has brought against him he will be found guilty, and I believe rightly so.

Mr. Knowles: Let me ask one more question. I note the penalty under this clause, which was two years under the old code, is now increased to 14 years. That is a substantial jump. Can the minister give any

justification for that? It was two years as set out under section 76 of the old code.

Mr. Garson: One fact that should be kept in mind in that connection is that these sections in the old code, as my hon. friend can see from the footnotes, go back to the last revised statutes of 1927 and probably before that. In the interval there have been a number of international events such as the second and perhaps the first world war, and other international developments which have led people to revise their ideas as to the proper punishment that should be imposed in cases of this kind. This penalty to which my hon. friend refers is one that was recommended by the royal commission which drafted the code and it has gone through the other place on two separate occasions. Finally, it came back into the House of Commons at the last session and went before the House of Commons special committee and now comes before this committee at the present time.

Mr. Knowles: May I remind the minister that in the interval between the time when this section was first put on the statute books there were amendments in 1951 which dealt with other sections in the code both before and after this one and apparently at that time it was not felt necessary to change the two-year sentence.

The Chairman: Shall the clause carry?

Mr. Herridge: Mr. Chairman, may I point out that it is ten o'clock?

Clause stands.

Progress reported.

BUSINESS OF THE HOUSE

Mr. Harris: Mr. Speaker, tomorrow the Minister of Finance (Mr. Abbott) would like to take the second reading of the Quebec Savings Banks Act hoping and believing that there will be practically no debate on it since it will be sent to the banking and commerce committee after second reading has been granted; then we shall continue with this debate hoping to finish it before five o'clock.

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

HOUSE OF COMMONS

Tuesday, April 6, 1954

The house met at 2.30 p.m.

EXTERNAL AFFAIRS

CONCURRENCE IN FIRST REPORT OF STANDING COMMITTEE

Mr. L. Philippe Picard (Bellechasse) presented the first report of the standing committee on external affairs, and moved that the report be concurred in.

Motion agreed to.

IMMIGRATION

INQUIRY AS TO QUOTAS

On the orders of the day:

Mr. Roland Michener (St. Paul's): I should like to address a question to the Minister of Citizenship and Immigration, of which I have not given him notice. He may not need any notice because it is the subject of an editorial in the *Globe and Mail* of this morning. Is any instruction given to the agents of the department abroad to limit to any definite quota the number of immigrants from countries in which they operate?

Hon. W. E. Harris (Minister of Citizenship and Immigration): No.

DISABLED PERSONS

INQUIRY AS TO INTRODUCTION OF LEGISLATION TO PROVIDE PENSIONS

On the orders of the day:

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, I should like to direct a question to the Minister of National Health and Welfare. In view of the near approach of the Easter recess, can the minister say whether the legislation respecting pensions for disabled persons will be on the order paper before we rise for Easter? If not, will it be on the order paper when we come back?

Hon. Paul Martin (Minister of National Health and Welfare): My hon. friend did not give me notice of this question. The answer is simple. I have already given it three times this session. The government, having initiated this program, will be among the first to see that it is brought in at the earliest possible moment.

TRANSPORTATION

ARROW LAKES—SUGGESTED PROVISION OF SUBSIDY

On the orders of the day:

Mr. H. W. Herridge (Kootenay West): I should like to address a question to the Minister of Transport. My question is based on the boiling indignation of 3,000 of my constituents at the intent of the Canadian Pacific Railway to terminate steamer service on the Arrow lakes on the 24th day of this month. Has the minister received any communication from any minister of the government of British Columbia urging favourable consideration of any application for a subsidy for the maintenance of steamer service on the Arrow lakes?

Hon. Lionel Chevrier (Minister of Transport): The answer to that question is yes. I suppose I should add this: The communication came from the minister of public works of that province, in which he asked whether the federal government would give consideration to the establishment of a service by means of a subsidy. While I have not answered his letter, I am afraid that the answer must be in the negative, because the government gave very careful consideration to that matter some time ago and has decided against it.

Mr. Herridge: On the basis of the minister's answer, I should like to ask a supplementary question. If the government of British Columbia were to take over and operate steamer service on the Arrow lakes, would the federal government give consideration to an application from the government of British Columbia for a subsidy equal to 50 per cent of the loss incurred, or an agreed percentage in the operation of this steamer service until road transportation was available?

Mr. Chevrier: If the government of British Columbia will make an application along the lines of my hon. friend's question, I am sure we shall be glad to give it the best consideration possible.

Inquiries of the Ministry

DOMINION COAL BOARD

INQUIRY AS TO CONSIDERATION OF ESTIMATES

On the orders of the day:

Mr. Clarence Gillis (Cape Breton South): May I direct a question to the Minister of Mines and Technical Surveys? Can the minister inform the house whether he is in a position to bring down the estimates for the dominion coal board before the Easter recess?

Hon. George Prudham (Minister of Mines and Technical Surveys): Not until after the Easter recess, Mr. Speaker.

TRADE

PROSPECTIVE AGREEMENTS WITH SPAIN AND PORTUGAL

On the orders of the day:

Mr. Donald M. Fleming (Eglinton): Mr. Speaker, yesterday, in the absence of the Minister of Trade and Commerce, I put a question to his parliamentary assistant concerning the instructions given to the trade mission going to Spain and Portugal. Can the minister now answer the question?

Right Hon. C. D. Howe (Minister of Trade and Commerce): The purpose of the trade mission going to Spain and Portugal is to endeavour to straighten out trade difficulties in those countries which arise from exchange restrictions and import controls. It is hoped that by negotiation we can clear the avenues of trade so that we can get better results from our efforts in these two countries.

Mr. Fleming: Is there anything in the way of a new trade agreement, apart from the removal of exchange restrictions and import controls, being sought or expected during the course of those negotiations?

Mr. Howe (Port Arthur): That will depend on the attitude of Spain and Portugal toward a new agreement. If an advantageous trade agreement can be worked out, I have no doubt that the trade mission will recommend it to the Canadian government.

FISHERIES

SALT FISH—MEETINGS WITH NEWFOUNDLAND AND NOVA SCOTIA OPERATORS

On the orders of the day:

Mr. T. A. M. Kirk (Shelburne-Yarmouth-Clare): Mr. Speaker, may I direct a question to the Minister of Trade and Commerce, notice of which I sent to his office yesterday. Because of his absence then, he may take it as notice. Is he in a position to make a statement concerning the outcome of the meetings held on Thursday and Friday last with Newfoundland and Nova Scotia salt fish operators? If so, will he state the basis on which the operators in the mainland provinces, especially Nova Scotia, will be able to buy salt fish in Newfoundland?

Right Hon. C. D. Howe (Minister of Trade and Commerce): I will accept the question as notice and make a statement later.

INQUIRY FOR RETURN

ADULTERATED BUTTER

On the orders of the day:

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, I should like to direct a question either to the Minister of Agriculture (Mr. Gardiner) or to the Secretary of State concerning a certain question of mine passed as an order for return on March 3, and having to do with certain stocks of adulterated butter in the hands of the government. I wonder if I might expect an answer before the butter is disposed of?

Hon. J. W. Pickersgill (Secretary of State): Mr. Speaker, I will look into the matter.

GRAIN

INQUIRY AS TO STIMULATION OF PRODUCTION

On the orders of the day:

Mr. J. H. Harrison (Meadow Lake): Mr. Speaker, I would like to address a question to the Minister of Trade and Commerce. In view of the dust bowl conditions in the grain producing areas in the United States and the lack of grain production thereby, has the minister any plans for stimulating Canadian grain production and assuring domestic grain supplies for Canada during the next two or three years?

Right Hon. C. D. Howe (Minister of Trade and Commerce): Mr. Speaker, I am sorry I can offer no such stimulation or assurance. Canada has at least one crop in hand which has not been sold as yet, and I might point out to my hon. friend that we never kill the wheat crop in the month of April either in Canada or in the United States.

QUEBEC SAVINGS BANKS ACT

REVISION TO CONFORM WITH DECENNIAL REVISION OF BANK ACT

Hon. Douglas Abbott (Minister of Finance) moved that the house go into committee to consider the following resolution:

That it is expedient to introduce a measure to provide for a revision of the Quebec Savings Banks Act in conformity with the decennial revision of the Bank Act.

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

Mr. Abbott: Mr. Chairman, the bill to be based on this resolution provides for the revision of the Quebec Savings Banks Act under which two savings banks operate, one in Montreal and one in the city of Quebec. The principal features of the bill are: (1) the extension of the bank charters for a further period of ten years to July 1, 1964; (2) a provision, complementary to the proposed legislation in the National Housing Act, to permit these banks to lend money on insured mortgages; (3) an increase in the limit on the amount which the banks may lend on conventional mortgages; and (4) an increase in other investment and lending powers.

I am proposing that, for the first time since 1913, there should be a complete re-enactment of this act and a repeal of the former one. In doing so, this bill follows, wherever appropriate, like provisions in Bill No. 338 relating to the chartered banks, which has recently been given consideration by this house and sent to the banking and commerce committee for further study. Many of the administrative changes proposed in that bill have been incorporated in this one as well. I shall be pleased to give a more detailed explanation when the bill is before the house for second reading, and I propose, after it has been given second reading, to move that it be referred to the banking and commerce committee.

Mr. Macdonnell: Mr. Chairman, in view of the fact that the minister is going to comment further on second reading and proposes to send this bill to the banking and commerce committee, I shall reserve my comments.

Resolution reported, read the second time and concurred in.

Mr. Abbott thereupon moved for leave to introduce Bill No. 419, respecting savings banks in the province of Quebec.

Motion agreed to and bill read the first time.

Mr. Abbott moved the second reading of Bill No. 419.

He said: This bill provides for the revision and re-enactment of the Quebec Savings Banks Act and for the extension of the charters of the two banks which operate under this act for a further ten-year period.

These banks, one in Montreal and the other in the city of Quebec, are each over 100 years old, having been founded in 1846 and 1848 respectively. They were later incorporated by special acts and after confederation were granted charters in 1871 which were to continue in force for ten years. Since that time, it has been the custom to enact decennial extensions of the charters concurrent with those of the chartered banks. Their record has been one of steady progress under sound management and today their combined assets amount to more than $225 million.

The operations of the savings banks are in many ways similar to, and in other ways quite different from, those of the chartered banks. Hon. members will recall that changes were proposed in the method of computing and in the level of cash reserves for chartered banks, but I am not proposing similar changes in this bill. The movement of deposits and loans is far less volatile than in the chartered banks, and the present reserve basis has proved satisfactory for these institutions.

Loans on the security of mortgages have been, for many years, a type of investment in which similar institutions in other countries have invested funds. The act was amended to permit our savings banks to enter this field in 1948 and they have since become quite an important factor. At December 31 last they had outstanding almost $7 million in loans of this kind. At present these loans are limited to the equivalent of 10 per cent of a bank's deposit liabilities. In this bill, I am proposing that the limit on conventional mortgages be raised to 20 per cent of deposit liabilities and that, as proposed for the chartered banks, insured mortgage loans under the National Housing Act may be made without statutory limit.

There are also several provisions in this bill which alter and, in some cases, increase the investment and lending powers of these banks. I shall not deal with them in detail at this stage as the changes will be apparent to hon. members as they study the bill, and it will of course be considered in the banking and commerce committee.

As I informed the house a few moments ago, this bill constitutes the first complete revision since 1913 of the Quebec Savings Banks Act, and there have been included all the provisions of the proposed Bank Act which are appropriate to the operation of these savings banks. Some of the more important are provisions relating to: (1) the period in which the banks may carry on business; (2) a method of increasing the authorized capital and the manner in which the bank may dispose of the additional stock; (3) investment restrictions with respect to bank pension funds; and (4) destruction of old records.

There are, of course, many consequential changes, but these do not require explanation at this time.

In conclusion, Mr. Speaker, I believe that the amendments proposed in this bill will benefit these two institutions, which have served their respective communities so well for more than a century, and will also benefit those who use their services.

As I have indicated, when the bill is given second reading I shall move that this bill be referred to the banking and commerce committee, where I am sure it will receive the careful study it deserves.

Mr. J. M. Macdonnell (Greenwood): Mr. Speaker, again, in view of the fact that the minister proposes to refer this bill to the banking and commerce committee, I shall reserve any comments I wish to make until that time.

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

CRIMINAL CODE

REVISION AND AMENDMENT OF EXISTING STATUTE

The house resumed, from Monday, April 5, consideration in committee of Bill No. 7, respecting the criminal law—Mr. Garson—Mr. Robinson (Simcoe East) in the chair.

The Chairman: When the committee rose last evening we were considering group 4, and I shall now call clause 50. Shall the clause carry?

On clause 50—*Assisting alien enemy to leave Canada.*

Mr. Herridge: I just want to ask a question or two about this clause. I have one or two recent letters here that deal with it. One, in dealing with section 50 (1) (a), has this to say. In order to save time I am not going to read the section.

> The same phrase "engaged in hostilities, whether or not a state of war exists between Canada and the state whose forces they are" appears here. The same objections mentioned in regard to section 46 (1) (c) hold here. Further, we object to the shifting of the burden of proof: in this section the accused has to "establish" his lack of intent to assist the foreign state. Traditionally in our criminal law an accused has had the protection of a "presumption of innocence"; here the presumption is rather of guilt.

I should like to have the minister's comment with regard to that criticism of the section.

Mr. Garson: I did not catch my hon. friend's concluding sentence. My hon. friend said "I should like"; I did not hear what he would like.

[Mr. Abbott.]

The Chairman: Order.

Mr. Herridge: The question that was raised was this:

> Further we object to the shifting of the burden of proof:

I am talking about clause 50 (1) (a). The letter continues:

> in this section the accused has to "establish" his lack of intent to assist the foreign state. Traditionally in our criminal law an accused has had the protection of a "presumption of innocence"; here the presumption is rather of guilt.

Mr. Garson: Mr. Chairman, I thought I had dealt with that question at some length yesterday in reply to the points that were raised by the hon. member for Winnipeg North Centre. I pointed out that the necessity for the accused's establishing what his intentions were did not arise until after the crown had first proved a prima facie case against him. I dissented from the view which the hon. member for Winnipeg North Centre had expressed that there was any shifting of the onus in this section. I said that what the section really did was to spell out that if the accused, although he might have committed some act from which it appeared that he had committed the offence, was able to show that his intent was not to commit it, that would constitute an effective defence.

Clause agreed to.

On clause 57—*Offences in relation to members of the R.C.M. Police.*

Mr. Knowles: I wonder whether the minister will offer a few comments on clause 57? I believe a few changes have been made from the wording as it was in section 84 of the former version of the code. One is—and I mention this with approval—that the word "wilfully" has been introduced. The only other change of significance seems to be in that the last three lines have been reduced to one line. I take it that the punishments to be meted out for an offence of this kind are on summary conviction and are covered elsewhere in the code. The main question I want to ask is this. Why is it that, in the case of clause 54, no proceedings shall be instituted without the consent of the Attorney General of Canada whereas there is no such proviso in the case of clause 57? Perhaps the minister could indicate not only why that proviso is in one clause and not in the other but could also tell us what is the effect of having that proviso in or out?

Mr. Garson: The Royal Canadian Mounted Police, as an institution of government, come under the direction of the Attorney General of Canada. In the ordinary routine of laying a charge under this section I would think the charge would presumably be laid on the

recommendation of the commissioner of the Royal Canadian Mounted Police, which recommendation would be made to his minister who would be the Attorney General of Canada. That would not be true in section 54.

Mr. Knowles: Mr. Chairman, that opens up another question. Why then is the consent of the Minister of National Defence not required in the case of clause 54? I throw out that question to the minister. I still ask him if he can give an answer to my other question, even though he may think it does not now apply: what is the legal significance, in a case like that of clause 54, of having the proviso that the consent of the Attorney General of Canada must be obtained?

Mr. Garson: The legal significance is that before proceedings can be instituted, perhaps irresponsibly, the case has come to the personal attention of the Attorney General of Canada who, being a lawyer, is able to examine the facts upon which it is alleged that the proceedings can be instituted in order to make sure that the facts support the proposed charges and that no person will be put to the inconvenience of defending such proceedings unless the sufficiency of the evidence has been passed upon by the Attorney General of Canada.

Clause agreed to.

On clause 60—*Sedition.*

Mr. Knowles: Clause 60 is the first of three clauses dealing with the subject of sedition, seditious libel and seditious conspiracy. We bordered on this subject yesterday when we were dealing with the subject of treason although, as I understand it, there is a distinct difference. The hon. member for Fort William yesterday spoke with satisfaction of the fact that soon after the Liberals came to power in 1935 action was taken to delete the former section 98 from the Criminal Code. Many of us were indeed pleased that that action was at long last taken in 1936. I do not have yesterday's *Hansard* in front of me in order to make a direct reference to it but, as I recall it, the hon. member for Fort William suggested that section 98 had been obliterated completely and I offered the interjection "Not entirely". I rise to explain my interjection and to go on from there.

If one looks at chapter 29 of the statutes of 1936, which was an act to amend the Criminal Code, he will find that section 1 did what the hon. member for Fort William said was done. It repealed in its entirety section 98 of the Criminal Code, chapter 36 of the Revised Statutes of Canada, 1927. Accordingly, these volumes that some of us have which purport to be office consolidations of the Criminal Code as it now exists have a blank between sections 97 and 99. There is no section 98 in the code that is at present in force. However, if one looks further into the same chapter 29 of the statutes of 1936 which repealed section 98 of the Criminal Code, he will find that section 4 of that statute added a new subsection 4 to section 133 of the code. Section 133 of the code is the section dealing with sedition. The point I wish to make—indeed the point I had in mind when I made my reply to the hon. member for Fort William last night—is that some of the words that were in the former section 98 were retained in the code by putting them in subsection 4 of section 133. I refer in particular to such words as "who teaches or advocates". I want to make it quite clear that as I read subsection 4 of section 133 of the code as it now stands—

Mr. Philpott: Which code are you referring to, the new one or the old one?

Mr. Knowles: The old one at that moment—or as I read clause 60 of the bill now before us, it is difficult to take exception to any of the words in either instance, although I do take exception to certain words in clause 62. Nevertheless the fact is that under words like those in clause 60—and these are some of the words that were in the former section 98—some things have happened in this country which some of us cannot forget. I made a passing reference yesterday to what happened in Winnipeg in 1919, and the hon. member for Fort William also made reference to the events in Winnipeg in that year. I have no intention of recounting the events of the general strike that took place in my city in that year, but I do remind members of the House of Commons that on that occasion some nine or ten citizens of my city of Winnipeg were charged under the Criminal Code with various offences, in most cases the charge being seditious conspiracy.

I referred yesterday to the case of the former leader of this group, who was the former member for the constituency I have the honour to represent, the late J. S. Woodsworth, who was charged under the Criminal Code of Canada with seditious conspiracy. One of the several counts laid against him in that charge was that he had quoted these words in certain articles which he had written:

> Woe unto them that decree unrighteous decrees, and that write grievousness which they have prescribed;
>
> To turn aside the needy from judgment, and to take away the right from the poor of my people, that widows may be their prey, and that they may rob the fatherless! . . .
>
> And they shall build houses, and inhabit them; and they shall plant vineyards, and eat the fruit of them.

They shall not build, and another inhabit; they shall not plant, and another eat: for as the days of a tree are the days of my people, and mine elect shall long enjoy the work of their hands.

These passages from the book of Isaiah actually got into print in an article over the name of J. S. Woodsworth and, believe it or not, they were included amongst the counts laid against him when he was charged with seditious conspiracy. There was a fifth count against him which had to do with certain articles that had got into type but which had never reached print. They have of course reached print since then. In fact I should like to read at the moment from a book on the life of J. S. Woodsworth by his daughter, Grace MacInnis.

Count five, "Alas! the poor alien", was one of those articles seized in type. An indication of its nature can be had from its opening and closing sentences. It began: "When is an alien not an alien? Answer: When he is a rich man, a scab-herder, or a scab." And it ended: "If after a fair trial undesirable aliens are found, let them be deported. Meanwhile, how about deporting the profiteers? Everyone knows they are undesirable."

There was another count, count six, containing a quotation from the Right Hon. Arthur Henderson, later a minister in the British cabinet. Entitled, "The British Way", it outlined the platform of the British Labour party together with the comments of Mr. Woodsworth, including the following:

This is the British way, and remember! It is absolutely constitutional!

I should say in passing that the reference in some of these quotations to deportation was of course in connection with a certain amendment to the Immigration Act which was passed rather hurriedly during the heat of the Winnipeg strike. I went to the library yesterday to refresh my memory on that part of the story, with which I was already quite familiar, and despite the fact that I have known the story for many years it did seem rather strange to look at just two pages of the printed *Hansard* for June 6, 1919, and to discover that within the compass of those two pages one finds the record of the introduction of a bill which had been passed in the other place, and which was given first reading, second reading, consideration in committee of the whole, third reading and was passed, all, as I say, within the compass of two pages of *Hansard* for June 6, 1919.

Hon. members may be interested in knowing what the very next item was immediately after that bill had been given its three readings in such a short space of time. The next item recorded in that *Hansard* was that there was a messenger at the door, namely, the Gentleman Usher of the Black Rod. Parliament was in high gear. The bill had been passed in the Senate that same day, before it came here. It was passed here in less than an hour and the governor general or his deputy was ready to give approval to that amendment to the Immigration Act. Indeed, it was an amendment to amendments that had already been made at that session.

Such was the speed with which parliament acted on that occasion towards people like J. S. Woodsworth and A. A. Heaps, both of whom I mentioned yesterday. Eight others were involved, including William Ivens, John Queen, George Armstrong, R. E. Bray, Robert Russell, W. A. Pritchard, R. J. Johns and F. J. Dixon. These are not men, Mr. Chairman, who can be thought of any longer in this country as guilty of sedition, although a number of them spent time in jail, several of them in Stony Mountain penitentiary or at what was known as a prison farm.

As the Secretary of State pointed out yesterday, the actual case against Mr. Woodsworth was never brought to trial. The reason for that was that the charge against F. J. Dixon was very similar to the one against J. S. Woodsworth and the case of F. J. Dixon was called first. He defended himself in an address to the jury which is one of the masterpieces of the history of our area, and he was acquitted. As a result of his being acquitted, Mr. Woodsworth was informed a few days later that there was a stay of proceedings so far as his case was concerned and that he need not appear until he was advised. Well, he never was so advised, but that stay of proceedings stood for the rest of his life.

I have mentioned the case of William Ivens, one of the few of this group who is still alive. He is living in the city of Winnipeg and is still active and interested in the affairs of this nation. Some months ago I had occasion to make a close study of Mr. Ivens' life in connection with an address I was asked to give. Indeed, it was at a banquet that we tendered him as a testimonial at the time of his seventy-fifth birthday.

I was quite interested in some of the material that is on record, and this relates very substantially to this whole question of what is sedition. My whole point is that we have to distinguish between those who are definitely against the community as a whole, definitely against society, definitely against Canada, and those who are merely seeking or advocating reform. As I suggested yesterday, some of those who have been adjudged criminals by the laws of the land have turned out to be the nation's real patriots.

Just before the incidents of the strike period in Winnipeg in 1919 it appears that Mr. Ivens, who was writing in a publication known as the *Western Labour News,* said

something rather critical of the Winnipeg *Free Press*. That goes on all the time and to those of us who live in Winnipeg that sounds like today rather than thirty-five years ago. At any rate, shortly after that the chief press censor for Canada—I need not bother to name him now except to say he was a civil servant—wrote the editor of the *Free Press* and said something like this: "I note in the issue of the *Western Labour News* of January 31, 1919, a bitter and unwarranted attack on the *Free Press*. You might be interested in knowing the record of this man Ivens as revealed by an examination of his writings made at this office."

Then, after using a few epithets and adjectives that were not altogether complimentary, and in my view were quite false and unwarranted, the chief press censor set out to give to the editor of the Winnipeg *Free Press* some of the quotations from Mr. Ivens' writings which were objectionable, which were seditious, which were terrible. I am going to give one or two of them.

Mr. Garson: Did he say "seditious"?

Mr. Knowles: He left that to the *Free Press*. I am sorry I have not the full text of the letter, and I would not want to make that assertion without checking back on it, but certainly that was the inference. This is one of those objectionable quotations:

> War will end not by war and not by the professions of the diplomats while war is in progress, but by the establishment of justice on the earth.

Imagine that as an objectionable statement! I can imagine the Secretary of State for External Affairs saying practically the same thing today. He might use slightly different words but he would express those same sentiments.

Here is another quotation:

> The imperative call for the statesmen of the world to adjure and utterly repudiate their imperialistic secret treaties and to restate their war aims in conformity with their claims of a war for justice, right and democracy is resounding across the world today.

As I say, it was quotations of that sort that the chief press censor of Canada drew to the attention of the *Free Press* so that they might answer "this man Ivens". I must digress for a moment to say that I have not been able to find anything in the files of the *Free Press* during the period following the writing of that letter to indicate they made use of the information conveyed to them by the chief press censor for Canada. By the way, I should just complete briefly my reference to William Ivens by pointing he was one of those who, during the strike of 1919, was charged with seditious conspiracy and upon being convicted was sentenced to jail. He came out of jail to take his place in the legislature in Manitoba, having been elected to that legislature while he was still in jail. The same thing happened in the case of John Queen and George Armstrong, if not in the case of others as well.

As a matter of fact, the Minister of Justice will recall being associated with these men as a member of the legislature of Manitoba during the time when he and they were there together. I am sure he will agree with me that they were not seditious characters. They may have given him a lot of trouble—

Mr. Garson: As a matter of fact, one of them, the Hon. S. J. Farmer, was my colleague in the Manitoba cabinet for two or three years.

Mr. Knowles: I do not wish to spoil the minister's story, but the gentleman to whom he refers was not put in jail.

Mr. Garson: No, that is right.

Mr. Knowles: He was one of the group who did not happen to have that distinction conferred upon him. John Queen, who was one of those who spent time in jail, was not only in the legislature along with the Minister of Justice when he was there, but for some eight or nine years was mayor of the city of Winnipeg, as was S. J. Farmer shortly after the strike.

It is very easy to talk about these things in retrospect and to say that they will not happen again. I am sure that the people of Winnipeg, prior to these incidents, would not have imagined that these men would be charged with seditious conspiracy and would spend time in jail. It did happen, and some of this language is still a part of the code. I want to say quite frankly that I find it difficult to quarrel with most of the precise wording in the clause that is before us, but I do not like the use of those words "teaches and advocates," because they were in section 98 and have been carried over into this clause 60. I do make a plea for an understanding of this whole situation, and for the realization that we have to distinguish between treachery to one's country and the attempt to win reform, even radical reform. In other words, sedition must be recognized as treachery against the country as a whole and not just opposition to the government that happens to be in power.

Mr. Garson: Would the hon. gentleman permit a question? In the remarks he has made within the last two or three sentences, has the hon. member taken into account the provisions of clause 61 of the bill?

Mr. Knowles: Yes, and that is one of the reasons why I confess that I find it difficult to pinpoint many words in these clauses against which one could complain, although I am against the length of the sentence provided in clause 62. As the minister says, there is a saving feature in clause 61, which purports to make it clear that one can point out errors or defects in various governmental bodies. With the indication we have of the errors and defects across the way, we would have to claim that right whether or not it was accorded to us.

I ask, Mr. Chairman, that this country not forget the incidents to which I have been referring, and that we lean over backwards to keep it clear that opposition to the government that happens to be in power is not treachery or sedition, but rather that there is a place and a need for the reformer, for the real patriot, for the real citizen of the country who sets out to make things better than they are.

Mr. Garson: Now that my hon. friend has finished his remarks, I rise to a point of order. I would suggest that what we are dealing with here is clauses 60 and 61 of the present bill, which have nothing to do with section 98 that was formerly in the Criminal Code. I am afraid that if we get off into a debate of section 98, which could be such a fruitful subject of discussion, we may talk for a long while and not be on the point at all.

Mr. Knowles: The minister will admit that some of the wording in the former section 98 was, in 1936, transposed to section 133 and is now in clause 60.

Mr. Garson: I would admit that, but I do not think it has any relevancy to what we are discussing now, because if my hon. friend would look at the case of Rex *v.* Boucher, decided in 1951, he would agree that most of the points he has been making this afternoon are obsolete.

Mr. Knight: I should like to ask the minister one brief question on clause 60. I am interested in a definition of sedition as the minister understands it. If the minister will look at clause 60 (1) he will see the peculiar manner in which the definition is stated. It says:

> Seditious words are words that express a seditious intention.

And then:

> A seditious libel is a libel that expresses a seditious intention.

Again we have sedition defined in terms of sedition. I wonder if for the record the minister could give a definition of just what sedition is, in terms of clauses 60, 61 and 62?

[Mr. Garson.]

Mr. Garson: If my hon. friend will look at clause 60 (4) I think he will find on the record the definition he is seeking.

Mr. Winch: I was going to ask the same question about clause 60 (4). It says, "without limiting the generality of the meaning of the expression 'seditious intention'." And so on. In other words, we do have power under subclauses 1 and 2, but it is worded in such a way that it says that black is black and white is white. That is exactly what it says.

An hon. Member: What is wrong with that?

Mr. Winch: Well, it certainly does not give a description of the meaning of sedition. It just does not make sense.

Mr. Ellis: On that point would the minister give us the significance of the words "without limiting the generality of the meaning of the expression 'seditious intention'." In other words, in clause 60 (4) we find what, indirectly, can be described as a definition of sedition as a conspiracy to carry out a seditious intention, or to teach or advocate the overthrow of the government. I would ask the minister to tell us why it is necessary to have written in this section the words, "without limiting the generality of the meaning of the expression 'seditious intention'."

Mr. Garson: Well, perhaps I had better attempt to clear up these doubts in the minds of my hon. friends by giving them an example of a case where the words "seditious intention", that are defined in clause 60 (4), were considered. That was the case to which I have already referred. It is a decision of the Supreme Court of Canada in the case of Boucher *v.* the King, 1951, S.C.R. 265. The main point dealt with in this case was as to whether "seditious intention" included an intention to incite to acts of violence or public disorder in all cases. Excerpts which express the views of the members of the court I shall now quote.

In this instance, the opinion of Chief Justice Rinfret was as follows:

> The advocating of force is not the only instance in which an accused could be found guilty of a seditious intention.

That is a minority judgment, as my hon. friend will see as I go along.

Then, this was the opinion of Mr. Justice Kerwin:

> The intention on the part of the accused which is necessary to constitute seditious libel must be to incite the people to violence against constituted authority or to create a public disturbance or disorder against such authority. An intention to bring the administration of justice into hatred or contempt or exert disaffection against it is not seditious unless there is also the intention to incite people to violence against it.

Mr. Justice Taschereau stated the following:

Upon application a new hearing was granted and heard by the full court, and in view of the opinions now expressed by the majority, it is settled, I think, that generally speaking, the writings complained of must, in addition to being calculated to promote feelings of ill-will and hostility between different classes of subjects, be intended to produce disturbance or resistance to the lawfully constituted authority. But as pointed out by my brother Cartwright, there is another definition of seditious intention which I think must be accepted. I agree with him that an intention to bring the administration of justice into hatred or contempt or to excite disaffection against it, is a seditious intention.

And then, Mr. Justice Rand:

The test is not either the truth of the language or the innocence of the motive with which he publishes it. The test is this: Was the language used calculated, or was it not, to promote public disorder or physical force.

As Mr. Justice Rand indicates, the words in which he specifies the test are taken from the judgment of a British judge, Mr. Justice Coleridge, in the British case of Rex *v.* Aldred.

Then, Mr. Justice Kellock expressed the following:

It is noteworthy that the draft code of the royal commissioners was not accepted by parliament, and in my opinion, incitement to violence toward constituted authority, that is, government in the broad sense, or resistance having the same object, is, upon the authorities, a necessary ingredient of the intention.

In my opinion, to render the intention seditious, there must be an intention to incite to violence or resistance or defiance for the purpose of disturbing constituted authority. I do not think there is any basis in the authorities for defining the crime on any lower plane.

At the present time, therefore, in England, matter of the character here in question, if made the subject of criminal process at all, appears to be treated as contempt of court, rather than as seditious libel. Such matters may, of course, be regarded from the standpoint of seditious libel if intention of the necessary character be established.

Then, Mr. Justice Estey:

I would clarify my previous reasons by adding that a seditious intention must be founded upon evidence of incitement to violence, public disorder or unlawful conduct, directed against His Majesty or the institutions of the government. With great respect, I am of opinion that in all cases the intention to incite violence or public disorder or unlawful conduct against His Majesty or an institution of the state is essential.

Then, Mr. Justice Locke:

The question remains whether it is accurate to say that "a seditious intention is an intention to excite disaffection against the administration of justice" as stated by Stephen.

The great English commentator:

Only if disaffection be construed as meaning resistance to or disobedience of the law or the authority of the state is it accurate, in my opinion.

I concur in the opinion by my brother Kellock that that portion of Stephen's definition which declares that "the intention to promote feelings of ill-will and hostility between different classes of such subjects" is a seditious intention without more, is inadequate as a statement of the common law and I agree with his conclusion upon this aspect of the matter.

Then Mr. Justice Cartwright:

The reasons of my brother Kellock bring me to the conclusion that the definition quoted above ought not to be accepted without qualification, and that before a writing can be held to disclose a seditious intention by reason of being calculated to promote feelings of ill-will and hostility between different classes of His Majesty's subjects it must further appear that the intended, or material and probable, consequences of such promotion of ill-will and hostility is to produce disturbance or resistance to the authority of lawfully constituted government.

In my opinion at common law an intention to bring into hatred or contempt or to create disaffection against the administration of justice is a seditious intention, and I do not find anything in the provisions of the Criminal Code to negative this view.

I think it will be seen from these judgments that there is a clear majority of judges on the Supreme Court of Canada who hold that incitement to violence is a necessary ingredient of the offence of sedition. It might perhaps illuminate the matter a little bit further if I were to quote at further length from the judgment of Mr. Justice Rand, which I will now do:

The definition of seditious intention as formulated by Stephen, summarised, is, (1) to bring into hatred or contempt, or to excite disaffection against, the King or the government and constitution of the United Kingdom, or either house of parliament, or the administration of justice; or (2) to excite the King's subjects to attempt, otherwise than by lawful means, the alteration of any matter in church or state by law established; or (3) to incite persons to commit any crime in general disturbance of the peace; or (4) to raise discontent or disaffection amongst His Majesty's subjects; or (5) to promote feelings of ill-will and hostility between different classes of such subjects. The only items of this definition that could be drawn into question here are that relating to the administration of justice in (1) and those of (4) and (5). It was the latter which were brought most prominently to the notice of the jury, and it is with an examination of what in these days their language must be taken to mean that I will chiefly concern myself.

There is no modern authority which holds that the mere effect of tending to create discontent or disaffection among His Majesty's subjects or ill-will or hostility between groups of them, but not tending to issue in illegal conduct, constitutes the crime, and this for obvious reasons. Freedom in thought and speech and disagreement in ideas and beliefs, on every conceivable subject, are of the essence of our life. The clash of critical discussion on political, social and religious subjects has too deeply become the stuff of daily experience to suggest that mere ill-will as a product of controversy can strike down the latter with illegality. A superficial examination of the word shows its insufficiency: what is the degree necessary to criminality? Can it ever, as mere subjective condition, be so? Controversial fury is aroused constantly by differences in abstract conceptions; heresy in some fields is again a mortal sin; there can be fanatical puritanism in ideas as well as in morals; but our compact of free society accepts and absorbs these differences and they are exercised at large within

the framework of freedom and order on broader and deeper uniformities as bases of social stability. Similarly in discontent, disaffection and hostility: as subjective incidents of controversy, they and the ideas which arouse them are part of our living which ultimately serve us in stimulation, in the clarification of thought and, as we believe, in the search for the constitution and truth of things generally.

Mr. Herridge: I want to thank the minister for putting that information on the record. It will certainly be helpful to laymen like ourselves who have not a very clear understanding of some of these legal terms; but I rise to say that I entirely support the approach to this clause of the hon. member for Winnipeg North Centre. As a matter of fact, Mr. Chairman, I often find that the hon. member for Winnipeg North Centre can express my thoughts better than I can myself. I should like to ask the minister this question. Formerly the penalty for sedition was two years, and then under certain amendments in 1951 the penalty was increased to seven years. In this bill it is increased to fourteen years. Will the minister tell the committee why there is such a sharp increase in the punishment for the offence which has always been somewhat vague and difficult to define? It seems to me to be very harsh and severe.

Mr. Garson: In the case of this clause, as in the case of some other clauses that we have examined of somewhat similar character, the recommendations of the royal commission with regard to the penalty here are a reflection of the hardening of public opinion that has been going on for some time, with reference to the seriousness of the offence of genuine sedition when it arises, and I think myself that this hardening is probably quite soundly based when we look about us and see so many countries, happily not on this continent, in which the overthrow of free government was accomplished by seditious methods. In the light of current history any person who is a realist at all can hardly quarrel with a penalty of fourteen years for sedition as interpreted in this judgment which I have just read, which indicates that an essential ingredient is the actual incitement of force and violence against the constituted government. This offence of sedition we are discussing as interpreted by the courts does not infringe upon the freedom of speech to which we have been accustomed in this country for a long time. But where you have people in our midst, although I am happy to say that we have not had very many cases of this kind, as a matter of fact—

Mr. Knowles: How many have there been?

[Mr. Garson.]

Mr. Garson: Well, I do not think I can answer that question offhand, but certainly not very many. The group of men in Winnipeg of which my hon. friend spoke earlier this afternoon was by far the largest single group at any one period of time that we have had perhaps in the whole of Canadian history; and since those Winnipeg trials I do not think there has been any similar group anywhere in Canada. But if we were confronted with a genuine, determined and spirited case of sedition embracing the intention to overthrow the state by violence, who is to say that it would be impossible that the circumstances of such a case could not be sufficiently heinous to warrant a maximum penalty of fourteen years? I think that is the test. It does not by any means follow in any of these cases that the judge is going to impose the maximum penalty. The maximum penalty is in the section to give the judge scope to make the punishment fit the crime in these cases where the circumstances are sufficiently heinous.

Mr. Winch: I, too, appreciate the endeavour of the minister to give us a studied interpretation of the exact meaning of the words "sedition" and "seditious intent." I look forward tomorrow to being able to make a real study of just what the minister did say and the quotations that he put on *Hansard*. But I have tried to follow the remarks of the minister very carefully, and as a result of doing that I am now distinctly worried about this clause and the meaning or the interpretation of sedition and seditious intent.

I agree wholeheartedly with the minister when he says that if we have a situation where there can be a conspiracy or an intent in this country to overthrow the government by violence, then we need something like this, and that should be the interpretation, and there should be a penalty to fit the crime. But I want to take the minister back, if I can remember this correctly, to all the statements which he read from learned judges. They did not just deal with the overthrow of the government or constituted authority by violence. I can only just take it as I could get it down, but it did amount to this: that there can be a question of seditious intent if one takes the action by speech or by writing; might cause disaffection; that could give rise to disturbance; that could give rise to discontent amongst the subjects; and that could give rise to hostility. These were the words used and quoted. But I would point out that that happens almost every day in labour circles throughout the length and breadth of the Dominion of Canada, because

you give rise to discontent by opposing legislation, and perhaps if you speak of strikes, or discuss or write about something which may cause a disturbance you are definitely giving rise to a situation which may result in hostility between the government and the subjects, and between the employer and the employee.

I believe I know what is in the mind of the minister in regard to clause 61 and with reference to the judgment he quoted. I believe it was Chief Justice Rand who pointed out that these things by themselves in a country such as this, where you have free speech and the right to express your thoughts and views, could not be taken as being seditious unless, as I believe the minister added, they were of such a nature as to actually involve breaking the law. I have not the minister's exact words but I believe what he said was to that effect.

Now, Mr. Chairman, it also happens on occasion that these things are discussed in labour circles, and if that is a correct interpretation of sedition then I know quite a number of well-respected citizens in British Columbia who could be considered guilty of sedition because they are absolutely opposed to a certain act which was introduced in British Columbia. They are doing their utmost to oppose that act and to arouse hostility toward it, and have even gone to the extent of suggesting the calling of a general strike. A general strike is against the law and one could not possibly be held without breaking that law, and therefore those who create hostility and disaffection by opposing the government because of the introduction of certain labour legislation and call for a general strike would be, according to the remarks of the minister, not just guilty of breaking the law but also guilty of seditious intent. That is a very serious thing, but it is the only interpretation we can place upon the remarks made by the minister.

Mr. Garson: The only thing I can suggest as regards my hon. friend's remarks is that he has misinterpreted mine.

Mr. MacInnis: Mr. Chairman, in discussing this group of clauses what I have to say has largely to do with the question of punishment and I believe no better case against the extension of the term of imprisonment could be made than is to be found in the minister's own remarks. I cannot remember when the last case of this sort occurred but I believe it was about 35 years ago. There was a prominent case then—

Mr. Garson: The case I was quoting from took place in 1951.

Mr. MacInnis: I am aware of that, but as far as other cases are concerned, and since 1951, we have increased the penalty from two to seven years in spite of the fact that nothing had happened in the 30 years before that time. We increased the sentence by 200 to 300 per cent. That, to my mind, would indicate that our people were going to the dogs. We are going to double it again. I wonder what the people who proposed changes in this legislation were thinking. What country did they think they were legislating for? I have been going around this part of the world for some considerable time and I associate with people who sometimes have reason to be dissatisfied with things as they are, and I am quite prepared to tell the minister and the committee that the thinking of the people I have in mind is far more constructive now than it was 25 or 30 years ago. There is far less danger of their doing anything which will be contrary to the law or contrary to the well-being of Canada.

I quite understand that there are a few people in this country who might be willing, if they had the opportunity, to upset things by an appeal to force and violence, but even then the influence of such people is diminishing every day. I believe in the 1945 election the Labour-Progressive candidate who opposed me had something over 4,000 votes. In the 1949 election in the same constituency the Labour-Progressive candidate received about 1,300 votes. In the recent election, in 1953, I am not quite certain but I believe their candidate received around 500 votes, and it certainly was not because of the candidate herself. She was a most attractive person outside of her politics. However, there you have an example in which the votes they received dropped from over 4,000 to about 500. The same thing has happened as regards their influence, although they still have some influence in the trade union movement. But the trade union movement is well able to handle that situation and I feel it is an insult to Canada and the people of Canada to increase a penalty in this case when no crimes have been committed and when the reason for that increase is supposed to be to prevent crimes of this kind. It is perfectly ridiculous and in view of the reasonableness the minister has shown throughout the long discussion we have had on this bill in the house and in committee I am surprised that he should hesitate for a moment, if not to return the penalty to what it was before 1951, at least to restore it to what it was in 1951.

Mr. Knowles: Is the minister not moved by the appeal made by the hon. member for Vancouver-Kingsway, and is he not prepared

to move an amendment, or have the Minister of Citizenship and Immigration move an amendment, to restore the penalty to a term not greater than was set in 1951?

Mr. Garson: If any hon. member in this committee can move me I am sure it is the hon. member for Vancouver-Kingsway. But I would point out that this recommendation came from a royal commission. It went into the other place on two separate occasions and it was debated there and in its banking and commerce committee. It came back into the House of Commons and was considered here and before the special committee of the House of Commons at the last session of parliament. If my memory serves I think I am right in saying that until the exception was taken here this afternoon no person has as yet, in the five years that this bill has been extant, raised the question that this penalty was excessive. Under our laws of sedition that are not in any sense harsh laws and that only apply to genuine sedition where that is proven, I must say I do not think that a maximum penalty of fourteen years is out of the way in the world in which we live today. When I say that I admit, in order to be perfectly candid—and in this perhaps I agree with the hon. member for Vancouver-Kingsway—that this section may not be invoked very often. I hope it will never be invoked. But when it is invoked for an offence under the language that we have here in this bill it will be invoked for quite a serious offence for which it seems to me that the penalty indicated is not excessive.

Mr. Fulton: May I suggest to the committee and to my friends of the C.C.F., including the hon. member for Vancouver-Kingsway—for whom in general I have great admiration although not always for his judgment—that it seems to me that they are missing out one important point. They seem to be looking at the section—and this was my feeling in connection with the discussion of yesterday evening—and looking at the penalty it provides, and then translating their natural sympathy—the natural sympathy which we all have for a person who may be unjustly accused—into an automatic assumption that such a person will be convicted. I think the point that my hon. friends miss is that these penalties will not be imposed unless the person is convicted. If therefore such a person has not been guilty of the offence described here, these penalties are not going to be exercised against him.

I am not familiar with all the history back of the period to which my friend the hon. member for Winnipeg North Centre was referring. It may well have been that the prosecution was ill-conceived and improperly laid. I am not justifying or attempting to justify anything that may have been unjustifiable there. It is a great mistake and almost a miscarriage of justice to launch prosecutions under those circumstances. But, as I understand it, the fact is that in the test case the accused was found not guilty. Therefore the penalty was not imposed.

Surely our attitude should be this: What is the crime which we are seeking to cover and for which we are providing a penalty? Is that penalty commensurate with the seriousness of the crime that is under consideration? If it is, then that penalty should stand, because even although it may be a severe penalty it could only follow for an extremely serious crime and will not be imposed against persons who are innocent of that crime. I would say that for the man who is guilty of sedition, uttering seditious words, seditious libel or taking part in a seditious conspiracy within the meaning of those offences, the maximum penalty of fourteen years is not too much.

Mr. Knowles: I suggest to the hon. member for Kamloops that he had better be careful. He may be inviting that penalty for himself one of these days.

Mr. Fulton: I do not think that I shall ever be guilty of sedition, seditious libel or seditious conspiracy. If I were, then I would deserve the penalty.

Mr. Knowles: Some of the things my hon. friend might say might be thought to be that by other people.

Mr. Fulton: Yes; but they have to be proved to be that in court.

Mr. Knowles: The point I really rose to deal with was something which the minister raised. A moment ago he gave an answer which, if I may say so with respect, he has given us a good many times, namely that this has been gone over through all the various stages and that this point has not yet been raised. Even if it has not been raised, that is the purpose of this consideration, namely to check on the various clauses of this bill before it is reported to the house for third reading.

May I also remind the Minister of Justice that, with respect to the clause having to do with treason, he pointed out yesterday that, notwithstanding all the consideration that had been given to the treason clause and the offences and penalties under it, the matter was considered by a special committee of the cabinet. He even boasted—and I do not blame him for so doing—that there were in

the cabinet people who were more exercised about some parts of the treason section than were some persons outside of the cabinet; and hence yesterday he proposed an amendment reducing the sentence in the case of that section of the treason clause that deals with communicating information where that happens in peacetime. Even if no previous consideration had been given to this point, I suggest that it might well be considered by the cabinet, as was done in connection with treason.

However, I am afraid that I cannot accept the assertion that the point has not been raised during the past five years. I have not all the documents at my desk but from amongst the many papers I have here I was able to draw the submission which the Canadian Congress of Labour made to the special committee of the House of Commons on Bill No. 93, under date of February 17, 1953. On page 2 of this brief I read the following:

> Section 62 (Seditious Offences).
> This is the present section 134, with a much higher penalty. Down to 1951, the maximum was two years; then it became seven; now it is to be fourteen.
> Why? It may be arguable that the 1951 increase was necessary because of the vast change in world conditions since 1927, or even since the repeal of the old section 98. Even that is questionable.

I point out that these people not only raised the question but cast doubts upon the increase. I continue reading from the brief:

> But what drastic change in the situation in the last year and a half makes it necessary to double the maximum penalty now?

Those are almost the very words used by the hon. member for Vancouver-Kingsway a few moments ago.

> We are not, of course, suggesting that sedition is a good thing, or even a trifling offence.

That is what the hon. member for Kamloops just pointed out.

> But presumably the government's "object all sublime" is "to make the punishment fit the crime". Does this do it?

It runs in my mind that there have been editorials on this matter and that there have been other briefs that have raised the very same point. I therefore submit, Mr. Chairman, that it was not quite correct for the minister to say that this question had never been raised. On the basis of the evidence I have given it certainly was raised before the House of Commons committee by the delegation representing the Canadian Congress of Labour.

Mr. MacInnis: Mr. Chairman, I imagine that while we are discussing the three sections, it would not be in order to move an amendment to section 62 until that section is called. I am going to move an amendment. I was going to say that the trouble is that, when questions of this kind arise, they usually arise in times when the minds of people are troubled. In the case that we have been referred to by the hon. member for Winnipeg North Centre in 1919, people were in a state of panic. In my opinion the most seditious thing that was said during that whole affair was not said by any of those who were arrested but was said by the then solicitor general, I think it was; in any case, it was Arthur Meighen. He sent a wire to a lawyer in Winnipeg to have these men on the high seas within twenty-four hours and that the legality of the matter would be gone into afterwards. If there was ever anything that was seditious—and a seditious conspiracy at that—it seems to me that was it, coming from the fountainhead of government. Therefore you can see the sort of atmosphere in which cases of that kind are likely to arise. It is then very difficult for counsel, judge or jury to act reasonably and as they normally would.

Mr. Barnett: I have been listening to this discussion with some interest. The particular point I want to make is along a somewhat different line from that which has just been followed, but I imagine if the minister has any further reply to make on the question of penalty he will be prepared to do so. I must confess that the thought that has been running through my mind is that the word "sedition" is a nasty one. I know perfectly well that if I go back home among my fellow workers and use the word "sedition" it conjures up a lot of things in their minds and in the mind of other ordinary citizens of this country. Those of us who are fortunate enough to be able to sit here as members of this committee have had the benefit of the explanations that the Minister of Justice has offered with respect to what is involved in sedition. But I think what we have to realize is that most of the people of Canada are not going to have the benefit of that kind of explanation.

In looking at this section I first of all read the words in subsection 1, namely:

> Seditious words are words that express a seditious intention.

I must say that my mind was not greatly illuminated. I then looked through all the dictionaries I could find in the library to find out what are seditious words and what is a seditious intention. Not a great many citizens of Canada are going to take the trouble to do that. I must say that there come to my mind the words that the Minister of Justice uttered earlier with respect to the revision of the Criminal Code when he said that it was the desire and intention to produce a revised Criminal Code which would

be more readily understandable by the ordinary citizens of Canada. A great many sections of the bill set out that for the purposes of the particular section the offence shall be (a), (b), (c), (d) and (e). From my point of view the greatest weakness of this section is that the expression "seditious intention" is not thus defined.

It is something which the ordinary person cannot understand. It is something that can be used by those who wish to mislead the ordinary citizens of Canada. It gives the right and opportunity to do so. I do not know whether other members of the house are as aware as I am of the all-out campaign being conducted at the present time by what are, to my way of thinking, certain subversive interests in connection with the revision of the Criminal Code. As far as I am concerned, if we leave the section the way it is we simply are handing these people ammunition.

I know that if I went home and tried to explain to the working people of my constituency that this is an innocuous section, that it can only be invoked in case of an all-out conspiracy to overthrow our government, I would have great difficulty in making them realize that is what is intended. Actually I am not at all convinced myself that such an interpretation of the section would hold water as the section stands at the present time. I think that is the first thing that should be changed. "Seditious intention" should be spelled out as meaning such and such and such and such and such and such. From the very use of the phrase in subsection 4, "without limiting the generality of the meaning of the expression 'seditious intention'," it does not need much imagination to see how a spell-binding communist orator—and they have them—could take that particular phrase and mislead and disturb the ordinary people of the country. That is what they are trying to do and that is what they are going to continue to do if we leave the section as it stands.

If it could be clearly stated that the only way in which the offence of sedition could be committed would be when it involved an offence against the state, I must say that much of the misunderstanding and fears existing in the minds of the working people of Canada would be allayed. But from listening to the minister I still have the understanding that under certain circumstances, in times of stress in labour disputes, this section might very well be invoked again as it has been in the past. If that is the case, then I suggest that the section tends to foment the very conditions which most of us are anxious to prevent. I feel the section should be so worded that by no stretch of the imagination could it be considered to apply in the ordinary dealings between the employing class and the working class in Canada. If that were done, we would have done a good deal to strengthen democracy in Canada.

From my personal knowledge and associations, and partly as a result of my own thinking, I know that there is a deep-rooted latent fear in the minds of the working people of Canada that at some time in the future those things are going to be done again which have been done in the past, and that as the result of the ill-advised disposition of police forces or other agencies of so-called law and order wrongful acts are going to be committed by the so-called lawfully constituted authorities which will result in counter-measures on the part of the working people, with men being arrested and convicted under these sections.

I have been looking at the provision with regard to the administration of justice in Canada and wondering whether not so long ago I was not in grave danger of being liable under this section. Some of us who are associated with the trade union movement have been gravely concerned by what appears to be a trend on the part of the employing interests to run to the courts and secure various forms of injunctions. We had a situation in which certain members of my own union were involved. I happened to have the responsibility of producing a radio broadcast on behalf of the organization, and I am quite willing to admit now that at that particular moment I was a little hot under the collar. I think I produced a phrase in the script that went something like this, that if this sort of action were continued I could see that it might render the judges of our country—I phrased it very carefully—liable to the suspicion of palm greasing. Now, of course, my script went before the counsel for the radio station, a chap whom I happened to know, and he threw up his hands in horror. He really went through the roof. He said, "Never in the history of British justice..." and so on. I tried to explain to him that I was just as concerned with the preservation of the high tradition of British justice as anyone else. I was concerned to see that no action was taken which might tend to lower the dignity of the courts in the minds of the people of the country.

However, I can quite imagine that if, under the stress of possibly a more serious situation than existed at that particular time, I had gone on the air with some such statement as that, I might have been liable under this section as it is now worded. I maintain that my intention was not a seditious one, although

certainly I may have been in the mood to be highly critical of certain actions that were being taken by a portion of the structure of our society. I feel that the most important thing that might be done with this section would be to rewrite it in such a way that a person with an ordinary education would find the offences clearly spelled out. There should be a clear indication that this section is designed to deal with deliberate and, if you like, full scale intent to overthrow the structure of our society by violence.

Mr. Hollingworth: I believe that what we should consider in connection with this section is the whole question of civil rights. Certainly, I shall fight as vigorously as anyone else in this house against any infringement of civil rights. After a careful consideration of this section, and the other sections dealing with this problem, and after listening to the minister's explanation, particularly the quotation from Mr. Justice Rand's judgment, I do not feel that one can take exception to the drafting of this section. I am of the opinion it does not infringe upon the civil rights of the individual, and that is the all important matter with which we should be concerned here.

I must say though, Mr. Chairman, that I do not like the fourteen year penalty. I realize that, as the hon. member for Kamloops has pointed out, it is only the guilty person who is going to suffer, but nevertheless the fact that the section has not been invoked except on rare occasions seems to indicate that the extension of that time limit is unwarranted. The only thing I can say in justification of it is the fact that it is the maximum penalty. It is quite conceivable a judge would impose a lesser penalty if the crime were less serious. However, as I say, I do not like the fourteen years. I would be inclined to agree with the hon. member for Winnipeg North Centre in his remarks in that regard. The saving clause, of course, is that it is the maximum penalty and that period would not have to be invoked. Those are my general observations.

Mr. Nicholson: The hon. member for Vancouver East, Mr. Chairman, did ask the minister a very easy question to answer, I think, when he pointed out that the wording of this clause is not easy for the layman to understand. Subclause 1 of clause 60 reads:

> Seditious words are words that express a seditious intention.
>
> (2) A seditious libel is a libel that expresses a seditious intention.
>
> (3) A seditious conspiracy is an agreement between two or more persons to carry out a seditious intention.

It would appear to me that before members of parliament are asked to support legislation of this type, the minister should be able to give an explanation of the meaning of sedition so that a layman could understand it. He referred to the case of Rex *v.* Boucher, and while I listened carefully it will require a reading of the extended remarks before I can understand just what learned jurists had to say about this question. I wonder whether, even at this stage, the minister might not start over again and put his comments in words that the members of the house who have not been to law school might be able to understand.

Mr. Fulton: That is an invitation that I hope the minister will be able to resist.

Mr. Nicholson: This is a rather disturbing piece of legislation to be asking us to support, since it includes that fourteen year penalty. I believe members in all sections of the house are agreed that any person who becomes an enemy of the state should be dealt with harshly. However, I feel we should clearly outline what the offences are. As has been pointed out by my colleague, a number of people in Winnipeg went to jail for sedition back in 1919, and certainly if this clause had been on the statute books at that time they would have received a fourteen year sentence.

In view of the fact that we have had an exceptionally good record in Canada, we should not be asked to support legislation that is not set out in words that everyone can understand. I feel that the fourteen year penalty is an unreasonable period to be suggesting for offences that cannot be explained in more precise language.

Mr. Herridge: I want to support the arguments made by the other members in this group against what we consider the indefinite terminology of this section. I might explain that some of the experiences I have had in life have made me somewhat wary of this word "sedition". It is one that is extremely difficult to define. Sedition can be many different things in different times and circumstances. It depends on the mood of the day.

On one occasion in 1933 I recall being asked by an Anglican clergyman to give an address at the funeral of a member of the C.C.F. party. I gave what I thought was an excellent address, and what do you think happened? The local magistrate informed the attorney general of British Columbia that I had been preaching sedition and asked for me to be investigated. I did not know anything about this until about a month later. The police officer who had been sent in to

conduct the investigation came to my house and told me all about it. He said it was a lot of rot and they had been investigating the wrong person.

On another occasion, which I think the hon. member for Vancouver-Kingsway will recall, I was going to address a public meeting in a small town in my constituency. This incident illustrates how time and circumstances alter things. At that time the C.C.F. was far from respectable in many quarters. I went to rent a hall in this small town, and I was refused a hall. The person who refused me told me that the magistrate there had said we were talking sedition. We could not rent the hall and I am quite sure if we had come before that magistrate, or the one I mentioned previously, we would have been proven guilty of sedition and given the penalty imposed by this clause.

In any event, we could not get a hall. Finally, I saw the chief of police and convinced him I was a respectable person. We were allowed to hold a meeting in the public square under police supervision. I just mention these two incidents to indicate how the definition of sedition changes under certain circumstances. We have got beyond that now, and those incidents would not happen today. I mention them to indicate the possibility of the mood of the public or the circumstances changing. I think other members of this group who have suggested that the definition is not clear enough, and that the penalty is too severe, are quite right in those objections.

Mr. Enfield: To get back to the subject of the definition of sedition, I think when we are discussing the Criminal Code we should look at the clauses from three distinct considerations. One, of course, is the wording of the clause itself. Secondly, we must always keep in mind that there must be an element of what is known as *mens rea,* or guilty intention to commit a crime. That must always be appended to every clause we discuss. Then, thirdly—and perhaps most important—we have to look at how a section has been interpreted by the judiciary. I know that often many students of law are inclined to think that more legislation is passed by the judiciary than by the legislature itself.

As the minister has already referred to the case of Boucher *v.* Rex, which seems to be the leading and the most modern case on the subject, I shall not repeat the details of it. However, some hon. members have asked for a capsule summary of what Boucher *v.* Rex says. I just happen to have, as luck would have it, what I think is a good summary of the *ratio decidendi* of Boucher *v.* Rex. I think perhaps it would be of interest if I were to place it on record.

[Mr. Herridge.]

It was held in that case that there is no finding of seditious intention unless there is evidence of incitement to violence. And it is interesting to note throughout this summary that the words "violence" and "resistance to law" are given great emphasis by the judges concerned. It states that there is no finding of seditious intention unless there is evidence of incitement to violence, public disorder or unlawful conduct directed against the Queen or the country's institutions.

It is stated that an intention to promote feelings of ill will and hostility between different classes of Her Majesty's subjects, without anything more, cannot be seditious. I think that is very important to be kept in mind, and it will bear repetition—that an intention to promote feelings of ill will and hostility between different classes of Her Majesty's subjects, without more, cannot be seditious. You have to have something more than that.

Then it must be shown, further, that the intended or natural and probable consequences of promoting such feelings is to produce disturbance of the government, or resistance to its authority. That carries it very much farther. There must be the intention to incite resistance to law, not merely an intention to criticize or to promote contempt for law.

That is the summary from the headnote of the case, which is reported at page 265 of the Supreme Court Reports of 1951. It is true that the summary is prepared by the legal editor concerned. But the idea is to read from the headnote, and then to look through the judgment. If one's feelings are more or less in agreement with the headnote, it provides a basis upon which to summarize the case. Because, obviously, one cannot take these cases and comb through them thoroughly. The job would be monumental. Hence the headnote is provided for the sake of convenience.

As I say, this is the summary that I have found from reading the case. I am giving it to the committee for what it is worth. I suggest that before any change in set-up is made it is absolutely necessary to go into the question of how the courts have interpreted the law. If a change is made there is a great possibility that the judicial interpretations that have gone before are completely lost. You open the door for an astute counsel. The section is changed, and one cannot quote with authority a judgment based upon an earlier section that reads differently from the present one.

So, before we entertain any amendment I suggest, with respect, that this point should be seriously considered. As to the penalty of fourteen years, it seems to me that by comparison with some of the other sections we have covered, where there are penalties of fourteen years, this penalty is a fair one. For example, we dealt yesterday with clause 46 (e), the transferring of scientific information, and a clause which carried a sentence of fourteen years.

When we look at these sections, in comparison, it seems to me that the fourteen years in this clause is justified. The offence is just as serious. Anyone promoting resistance to the law—and presumably this would be some type of force or bodily resistance—is committing just as serious a crime as anyone who gives information to someone else who in turn might use that information to promote bodily resistance or force against the present government.

The penalty of fourteen years is a maximum. Upon making inquiry with respect to judicial interpretation one finds few cases on the subject. Those that have been tried before the courts have been of a serious nature.

One would not want to leave the penalty too low. Where there is a serious offence the court must have the opportunity to punish fully and properly. On the other hand, this is a maximum, and the court still has discretion to limit the sentence to what would be considered appropriate for the offence involved.

An hon. Member: The hon. member has answered the point.

Mr. Martin: And a very good answer.

Mr. MacInnis: Does he say that the penalty before 1951 was so low that it promoted sedition in Canada? In how many cases was the law of sedition invoked during those years?

Mr. Enfield: I do not think one can say that the penalty was so low that it promoted sedition. But when the Boucher case was tried in 1951 it was felt that, owing to the seriousness of the situation involved, the law as it stood did not provide sufficient in the way of penalty to cover the degree of wrong that was committed. I am only going by the reported cases on the subject, and there appear to be very few of them. There is Rex *v.* Frost, in 1889—and I must say I have not counted them up. Then there is Rex *v.* Shaefer, Rex *v.* Snyder and Rex *v.* Felton. There are only about four cases quoted.

Mr. MacInnis: Since 1951?

Mr. Enfield: Since 1951, so far as I know,—and I may be wrong—there is no reported case. I would imagine that any case on the subject would be reported, because it is very serious.

Mr. Gillis: Are those Canadian cases?

Mr. Enfield: Yes. As a matter of fact, two or three earlier cases were British.

Mr. Ellis: As important as penalty is the reason for the change. I have not heard a very lucid explanation as to why it has been found necessary to increase the penalty. The minister was asked by the hon. member for Winnipeg North Centre how many cases of sedition he could recount, and I believe he said that offhand he could not say how many cases there were, but that the largest batch of such cases occurred at the time of the Winnipeg strike.

Judging from the change proposed in this bill one might almost be under the impression that this country is seething with discontent, and that the government is mightily worried about the great numbers of people who are guilty or who are likely to become guilty of sedition. I am inclined to believe that any outsider who read this section would be under the impression that sedition had become so serious in Canada that the parliament of Canada found it necessary to increase the penalty in 1951 from two years to seven years, and that it has worsened since that time and again the parliament of Canada has found it necessary to increase the penalty to fourteen years.

The minister suggested the reason the change is proposed is that in troublous times such as we are going through there was apprehension in the minds of the people who proposed the change, and consequently they felt that a more severe penalty was necessary. That argument was used yesterday in connection with the treason clause. I can understand that there is some logic behind that reasoning in so far as the treason clause is concerned. I think hon. members will agree that certainly our history to date would indicate that there are reasons why we should look upon treason perhaps in a different light from what we might have fifteen years ago. But I suggest that in so far as the law respecting sedition is concerned, we should not confuse the two at all. In so far as sedition is concerned, I can see no reason whatsoever why the government should have found it necessary to increase the penalty.

Is it that the government anticipates difficulties and feels that it must strengthen the legislation? Perhaps they have reasons for suspecting that in the future a more severe law might be needed.

As it affects civil liberties, I suggest that if a situation ever develops where people are so discontented that they will listen to those who suggest the overthrow of the government by force, you will find that laws concerning sedition will not serve the purpose for which they were intended. Our history has shown that even during the depths of the great depression of the 1930's—and the minister will admit this—there were very few cases of sedition. Therefore I can see no valid reason whatsoever for this most spectacular increase in the penalty from two years to seven years and then doubling the seven years to fourteen years. This is a move which I feel deserves a very careful explanation on the part of the minister, and I should like him to give us clearly and concisely the reason why at this time it should be necessary to double the penalty over the 1951 maximum.

The Deputy Chairman: Shall the clause carry?

Mr. Gillis: I should like to say a word or two on this clause. The hon. member for Vancouver East and the hon. member for Comox-Alberni made statements which should cause the minister to give this clause a little more consideration. The increase in the penalty does not bother me very much; it is the possibility, under the clause, of convicting people of sedition who might just be criticizing.

A few moments ago the hon. member for Kamloops said that he did not intend to commit sedition. He made a radio broadcast, if he will recall it, not so long ago—

Mr. Fulton: It was not a radio broadcast, it was a statement in the press.

Mr. Gillis: I saw it in the press, and I thought it arose out of a radio broadcast. It could have been construed as causing disaffection to Her Majesty's forces.

Mr. Fulton: Not at all.

Mr. Gillis: It just depends on the condition of the liver of the judge that you meet that morning whether you are guilty or not.

Mr. Fulton: It would be a jury who would decide, twelve good men and true.

Mr. Coldwell: They might be upset, too.

Mr. Gillis: In the final analysis the judge will decide whether you will get fourteen years or not.

There are not very many in this house who have led any kind of an active life who could not have been picked up on a good many occasions under this clause. That is the dangerous part of it. My hon. friend across the way gave four cases that he had looked at. He did the committee a service when he put that side of the question on the record. I am not particularly concerned about how many years a person gets for sedition provided it is proved beyond a shadow of a doubt that he did commit sedition. The thing that I am concerned about is the possibility of a miscarriage of justice on account of the ambiguous language used in the clause and the many interpretations that could be put on it either by a judge or by a jury.

One case sticks out in my mind that my hon. friend did not put on the record. I have had little experience with some of these things. A man who was secretary-treasurer of the mine workers union in 1922 became involved in a strike. The union was on strike, and arising out of that strike force was used on the part of the government. The attorney general armed a lot of thugs and put them on horseback. They came into the area and they created trouble. As a consequence of that difficulty the secretary-treasurer of the union made a press statement, and on the basis of that statement he was arrested for sedition. I had the privilege at that time of being one of the people who collected money to provide a defence for him. He was tried and convicted and sentenced to two years in Dorchester penitentiary. That was the maximum penalty at that time.

I know that we cannot criticize the judge who rendered that decision. We are not permitted to criticize the judiciary here, but it has always been clear in my mind that there had been a miscarriage of justice when that man was sentenced for sedition because the statement he made was not any stronger than statements I have made a good many times under similar circumstances. It was because of a section like this that that could happen. Anything at all can be construed as being seditious or having a seditious intent, and that kind of thing. As my hon. friend said, with a good smart lawyer in there to prosecute you and with the average jury that you pick up across Canada and with the ambiguous language contained in the clause, the lawyer can almost convince them of anything.

An hon. Member: With an emotional approach.

Mr. Gillis: Yes. The attorney general of that day—I am not going to name any names because most of them are dead, including the person involved—could justify that conviction at that time. He practically admitted that the statement made in the press was true. He told the truth; he merely stated the truth of a certain situation, but there were times when it was a crime to tell the truth. That is the way he justified himself. As I said before, I am not so much concerned about how long

the sentence shall be, but I am concerned about the circumstances under which a judge and a jury can try you and sentence you for sedition.

The hon. member for Vancouver East was quite correct, if press reports are correct, that looming up in British Columbia is a struggle. The changes in the labour code of British Columbia are not so good, and the trade union movement, and rightly so, is up in arms and questioning these changes. Statements have been made and will be made in that city that could render those people liable to sedition. The Minister of Justice should not forget that the enforcement of this law will be in the hands of the provinces and in the struggle of the unions in British Columbia to maintain democracy that struggle is going to be with the provincial government.

I will not impute motives to anyone out there, but it is only natural for a government or an individual to defend themselves and fight back if they believe what they are doing is justified. The danger there is apparent, and I believe the warnings given by the hon. member for Vancouver East are justified. I know of another province in this country where this code will be enforced and where those who will administer this code and laws in that province are not going to be very lenient or understanding in relation to matters which might be misconstrued under this particular clause. I believe the hon. member for Comox-Alberni has stated the case correctly. I believe where we have a clause such as this, where freedom of speech and thought is concerned, and in view of the development of the world situation, the minister should rewrite that clause and make it clear beyond the shadow of a doubt that no one can misapply it or use it for purposes of their own in any given situation. I would like to see the minister remove some of the ambiguous language from this clause because as it stands now it can definitely be misapplied and misunderstood.

Mr. Garson: As he so often does, the hon. member for Cape Breton South has just raised points of real substance which I think are certainly deserving of a reply. I would like to make that reply in these terms. The leading case upon this subject is Boucher *v.* R, which was decided as late as 1951. Now I can quite understand the views of laymen to the effect that it might be better for the purposes of defending this clause against those who criticize it, not always fairly, to attempt to produce an interpretation of all the judgments of the judges of the Supreme Court in the Boucher case, and insert this interpretation in clause 60 as a definition of sedition. From the political point of view there is a great temptation to take that easy way. But it seemed to us that clause 60 is tied up closely with the civil rights of the individual Canadian who may be on trial on a charge of sedition. When therefore we already had in the Criminal Code a section dealing with sedition which has been interpreted definitively by the highest court in Canada, it is better to leave that definite result upon the law books even if it is less explicable politically, than to attempt to write another clause into the code which again has to be interpreted judicially before one can say precisely what the law of sedition is.

We have a firm law now and I think it is a very good law. It may be that in the selections I made from these judgments I read extracts which were rather long and by doing so confused the issue. I did so consciously because if there is anything I abhor it is having a sentence or two taken out of context, and in each case I tried to give enough of the context so that the real sense of the single important sentence could be understood by this committee. But perhaps if I were to go through the judgments and read just the single important sentence—

Mr. Winch: The Rand judgment is important.

Mr. Garson: They are all important because the law is established by a court of nine judges. As the hon. member for York-Scarborough said, the *ratio decidendi* of that case can only be established by a proper understanding of all the reasons for judgment given by all of the judges.

In the case of Mr. Justice Kerwin this is the single sentence:

> An intention to bring the administration of justice into hatred or contempt or exert disaffection against it is not seditious unless there is also the intention to incite people to violence against it.

In other words, in order to bring home the charge against the accused you must prove against him an intention upon his part to incite people, to whom his expression of opinion or his speech is made, to violence against the government.

Now, the next single sentence is from Mr. Justice Taschereau:

> I think that, generally speaking, the writings complained of must, in addition to being calculated to promote feelings of ill-will and hostility between different classes of His Majesty's subjects, be intended to produce disturbance or resistance to the lawfully constituted authority.

He must intend to create violence, not to make a speech. Mr. Justice Rand puts it in the form of a question:

> The test is this: was the language used calculated, or was it not, to promote public disorder or physical force.

If the language was so calculated, it must also be proven that the person who uttered it intended to create disorder and violence.

Mr. Justice Kellock said:

> . . . in my opinion, incitement to violence toward constituted authority, i.e., government in the broad sense, or resistance having the same object, is, upon the authorities, a necessary ingredient of the intention. . . In my opinion, to render the intention seditious, there must be an intention to incite to violence or resistance or defiance for the purpose of disturbing constituted authority.

Then Mr. Justice Estey said:

> I am of the opinion that in all cases the intention to incite violence or public disorder or unlawful conduct against His Majesty or an institution of the state is essential.

Mr. Justice Cartwright said:

> . . . before a writing can be held to disclose a seditious intention by reason of being calculated to promote feelings of ill-will and hostility between different classes of His Majesty's subjects it must further appear that the intended, or natural and probable, consequence of such promotion of ill-will and hostility is to produce disturbance or resistance to the authority of lawfully constituted government.

Now, what we are talking about in the offence of sedition is the deliberate intention to create violence and disturbance against the lawfully constituted government. That is not too dissimilar in principle to treason. For the offence of sedition a maximum penalty of fourteen years imprisonment is applicable. Now I recognize the force of the argument submitted by the hon. member for Vancouver East and the hon. member for Cape Breton South that it would make both the government's position and the task of hon. members of the house defending this legislation much easier if there were in clause 60 a definition of sedition which reflected accurately all of the reasons for judgment in the Boucher *v.* R. case.

But if we do that, then we have a different section in the act from that upon which the judgments were decided. If a case arises and comes before the court, then the new language has to be interpreted again. We shall then have found that we have purchased this political facility of explaining our position at the expense perhaps of some doubt as to what the law is, and a doubt that is in relation to a law which is of great importance to the accused. That is the reason why we thought that of those two alternatives, the intellectually honourable thing to do was to stand by certainty in the law and face any criticism in which such a course might involve us.

The Deputy Chairman: Shall the clause carry?

Mr. Knowles: On division.

[Mr. Garson.]

The Deputy Chairman: Carried on division.

Clause agreed to on division.

Clause 61 agreed to.

On clause 62—*Punishment of seditious offences.*

Mr. MacInnis: Mr. Chairman, I have an amendment to propose to clause 62. I think that sufficient has been said on this matter of penalties and that I need not take up the time of the committee any further. It is shown that breaches of these sections of the Criminal Code are few and far between. As I see it, unless the government falls down in its duty of providing good government in this country, there is nothing in front of us that would indicate there is any danger that there will be more reason for sedition in the future than there has been in the past. I therefore move:

> That clause 62 of Bill 7 be amended by deleting therefrom the words "fourteen years" and by substituting therefor the words "five years".

I myself hardly know why I did not put in "two years" instead of "five years" but I imagine that I did it, in my usual reasonable way, in trying to get the support of those who would think that two years was too little. I am sure there are many members in this chamber—on the other side as well as on this side—who think that, without a single case being before the courts, raising the penalty from two years to fourteen years is altogether unreasonable.

The Deputy Chairman: Shall the amendment carry?

Amendment (Mr. MacInnis) negatived: Yeas, 9; nays, 53.

The Deputy Chairman: Shall the clause carry?

Mr. Knowles: Before you put the clause, Mr. Chairman, there are just two or three things I should like to say. It seems to me—and as a result of the discussion that has taken place this afternoon I feel it more strongly than I did before—that this whole question of sedition should be referred to a royal commission. I think it is at least as important as are some of the subjects which have been referred to a committee of this house or to a royal commission.

The second thing I want to say is this. I feel that the fact that there is to be on the statute books of Canada legislation of this nature providing for the type of penalty that is involved in clause 62, now that our amendment has been defeated, makes even more important the need for a bill of rights. Along with this kind of legislation I think there

should be a companion measure setting out what are the civil rights of Canadian citizens.

The third thing I suggest is this. I think that perhaps what is needed in the country more than coercive legislation is an institution, if I may call it that, akin to Hyde park in London. If we had a few places like that across Canada where people were perfectly free to express their views on any subject in any way under the same kind of circumstances as those under which views are expressed at that famous corner, I think we would gain from it even as the people of Great Britain have gained from that symbol of civil liberty and freedom of speech.

Mr. Garson: I have only one thing to say, Mr. Chairman, and I shall say it briefly. My hon. friend has no reason at all to say that under the laws of Canada there is not available the same freedom of speech that is available in Hyde park in London.

The Deputy Chairman: Shall the clause carry?

Mr. Knowles: On division.

The Deputy Chairman: Carried on division.

Clause agreed to on division.

The Deputy Chairman: I notice that it is now just on the verge of five o'clock, and we have completed one group of sections. The next group which I presume the committee will start on at its next sitting commences with clause 32 and deals with riots. As hon. members know of the special program that has been agreed upon for this evening, shall I rise, report progress and ask leave to sit again?

Some hon. Members: Agreed.

Progress reported.

PRIVATE BILLS

BESSIE KATZ ELMAN

The house in committee on Bill No. 312, for the relief of Bessie Katz Elman—Mr. Hunter—Mr. Applewhaite in the chair.

Clauses 1 and 2 agreed to.

Bill reported.

Mr. John Hunter (Parkdale) moved the third reading of Bill No. 312.

Motion agreed to and bill read the third time.

The Acting Speaker (Mr. Applewhaite): Is it agreed that the bill do now pass and that the title be as on the order paper?

Mr. Fulton: On division.

Title agreed to and bill passed on division.

Private Bills

NIAGARA GAS TRANSMISSION LIMITED

On the order:

House in committee on Bill No. 325 (Letter D-10 of the Senate) intituled: "An act to authorize Niagara Gas Transmission Limited to construct, own and operate an extra-provincial pipe line."

The Acting Speaker (Mr. Applewhaite): Bill No. 325 and Bill No. 389 both come from the standing committee on railways, canals and telegraph lines. Is it agreed that they be committed together?

Some hon. Members: Agreed.

CONSIDERED IN COMMITTEE—THIRD READING

Bill No. 325, to authorize Niagara Gas Transmission Limited to construct, own and operate an extra-provincial pipe line.—Mr. Hunter.

TRANS-CANADA PIPE LINES LIMITED

The house in committee on Bill No. 389, respecting Trans-Canada Pipe Lines Limited—Mr. Decore—Mr. Applewhaite in the chair.

On clause 1—*Repeal.*

Mr. Knowles: Before this clause is carried, there is a question I should like to ask. At the moment I am not sure whether it should be asked on this bill or whether it should have been asked on the other bill. What happened to the suggestion made by the Minister of Trade and Commerce that one of these bills might be amended by the addition of a coming into force clause?

Mr. McIvor: It was not needed.

Mr. Howe (Port Arthur): If I may answer that, before the bill was referred to the committee the two pipe line companies, Niagara Gas and Trans-Canada, had entered into an agreement, which was signed by both parties and which was submitted to the committee. The committee believed that agreement adequately protected the situation, and that is my own opinion. Therefore I see no present purpose in the inclusion of a coming into force clause.

Mr. Green: May I ask the minister if there is not the further fact that Trans-Canada Pipe Lines Limited is to build the line from the Niagara river to Toronto?

Mr. Howe (Port Arthur): Yes.

Mr. Green: Whereas the original intention was that it should be built by Niagara Gas Transmission.

Mr. Howe (Port Arthur): Yes. The result of the agreement is that Trans-Canada Pipe Lines Limited will build the line.

Private Bills

Clause agreed to.

Preamble agreed to.

Title agreed to.

Bill reported, read the third time and passed.

EASTERN TELEPHONE AND TELEGRAPH COMPANY

Mr. David A. Croll (for Mr. Balcom) moved the second reading of Bill No. 394, respecting Eastern Telephone and Telegraph Company.

Mr. Knowles: Is the sponsor of the bill in a position to make a statement on it?

Mr. Croll: Yes. This bill is sponsored by the junior member for Halifax (Mr. Balcom) who is absent on constituency business, as is the senior member for Halifax (Mr. Dickey). There is some urgency about this bill which was passed by the Senate on the 31st of March. Its effect is to amend the act of incorporation of the Eastern Telephone and Telegraph Company which was incorporated by a special act of parliament in 1917 with an authorized capital of $10 million divided into shares of a par value of $100 each. At the time of incorporation—I am sure the house will agree with this—it was a highly imaginative undertaking since it was intended to construct a single channel telephone cable.

In 1931 the project was suspended and since that time the company has been inactive. For quite obvious reasons the act of incorporation was amended by special act of parliament in the session of 1931 which authorized the company to reduce its capital by bylaw, which had to be filed with the Secretary of State. This was done on the 1st of September, 1931, and the capital was reduced to $75,000 divided into shares of $100 each.

The house is aware that the transatlantic telephone service since its inception in 1927 has been provided by radio and is subject to atmospheric and other interference not applicable to cable. On November 27, 1953, an agreement was entered into between Her Majesty's postmaster general of the United Kingdom of Great Britain and Northern Ireland, the American Telephone and Telegraph Company, Canadian Overseas Telecommunication Corporation and Eastern Telephone and Telegraph Company. That agreement provided for the construction, at a cost of $35 million, of a cable extending from Oban, Scotland, to Clarenville, Newfoundland, and then to Sydney Mines, Nova Scotia and by radio relay from Sydney Mines to Portland and New York.

The three countries, the United States, Great Britain and Canada, have agreed to lay this submarine cable which contains thirty-six circuits and will provide for the carrying of thirty-six conversations simultaneously.

Mr. Knowles: We need one in this house.

Mr. Croll: It would not be such a wonder if they knew this house. The distance between the two mainlands, between Nova Scotia and Scotland, is 2,200 miles. The American Telephone and Telegraph Company will own 50 per cent of the stock; the British post office department will own 41 per cent, and the Department of Transport will own 9 per cent. The head office of the company is now located in Halifax and will remain in Halifax.

The Maritime Telegraph and Telephone Company and the New Brunswick Telephone Company will both have representation on the board of directors of the Eastern Telephone and Telegraph Company. I am requested to ask the house to give second reading to this bill and to send it to the appropriate committee.

Mr. Fulton: Where does Eastern come into that?

Mr. Croll: They have a charter. Originally it was incorporated as the Eastern Telephone and Telegraph Company. They are now a wholly-owned subsidiary of the American Telephone and Telegraph Company.

Motion agreed to, bill read the second time and referred to the standing committee on railways, canals and telegraph lines.

SECOND READINGS—SENATE BILLS

Mr. John Hunter (Parkdale) moved that the following bills be read the second time:

Bill No. 395, for the relief of Elsie Elizabeth Belford Grant.—Mr. Hunter.

Bill No. 396, for the relief of Jean Monette.—Mr. Hunter.

Bill No. 397, for the relief of Pearl Mary Brown Pratt.—Mr. Hunter.

Bill No. 398, for the relief of Annie Holman James.—Mr. Hunter.

Bill No. 399, for the relief of Marie Paule Lemay Mondello.—Mr. Hunter.

Bill No. 400, for the relief of Marilyn Lesley Simpson Lavallee.—Mr. Hunter.

Bill No. 401, for the relief of Edith Lorraine McBurney Robinson.—Mr. Hunter.

Bill No. 402, for the relief of Aline Gosselin du Berger.—Mr. Hunter.

Bill No. 403, for the relief of Eileen Lucy Tollett Power-Williams.—Mr. Hunter.

Bill No. 404, for the relief of William Pappas.—Mr. Hunter.

Bill No. 405, for the relief of Claire Labelle Cousineau.—Mr. Hunter.

Bill No. 406, for the relief of Denise Marie Helene Laporte Woodhouse.—Mr. Hunter.

Bill No. 407, for the relief of Lois Helena Kearns Higham.—Mr. Hunter.

Bill No. 408, for the relief of Dorothy Rita Wade Moulden.—Mr. Hunter.

Bill No. 409, for the relief of Albert Thornton.—Mr. Hunter.

Bill No. 410, for the relief of Koidula Laigma Hagel.—Mr. Hunter.

Bill No. 411, for the relief of Yvette Lafontaine Tatos.—Mr. Hunter.

Bill No. 412, for the relief of Freda Becker Blumenthal.—Mr. Hunter.

Bill No. 413, for the relief of Monica Elizabeth Benoit Mullin.—Mr. Hunter.

Bill No. 414, for the relief of Felix Andre Landry.—Mr. Hunter.

Bill No. 415, for the relief of Marie-Claire Parisien Barbeau.—Mr. Hunter.

Bill No. 416, for the relief of Marie Muriel Gladys Lena Soubre Dubour.—Mr. Hunter.

Bill No. 417, for the relief of Joan Millicent Kemp Tessier.—Mr. Hunter.

Mr. Stanley Knowles (Winnipeg North Centre): Before you put the motion, Mr. Speaker, on these twenty-three divorce bills, may I make one suggestion, and I do so confident that it will be carried out. As the hon. member for Parkdale (Mr. Hunter), who is the chairman of the committee to which these bills will be referred, knows, there was some difficulty the other day because when a certain bill was reported back to the committee of the whole it was ascertained that the bill had been dealt with in the committee on miscellaneous private bills before the printed evidence had been received and was in the hands of the members of that committee. I merely rise to suggest—

Mr. Hunter: I would point out, Mr. Speaker, that none of these bills came before the private bills committee before the evidence was available although there was one bill upon which the evidence was available only a matter of an hour and a half before the committee met.

Mr. Knowles: I think the statement made by the hon. member for Parkdale serves only to underline the point I am making. My suggestion to him is that we should have the assurance that none of these bills will be considered by his committee until he is satisfied that the printed evidence is in the hands of all the members of that committee. Surely that is the least for which we might ask.

Mr. Hunter: I shall be very glad to do that. In fact, I have already given instructions to that effect.

Motion agreed to and bills read the second time.

BALOISE FIRE INSURANCE COMPANY OF CANADA

Mr. Charles Cannon (Iles-de-la-Madeleine) moved the second reading of Bill No. 418, to incorporate Baloise Fire Insurance Company of Canada.

Mr. Knowles: Could we have an explanation?

Mr. Cannon: The purpose of this bill is to incorporate a Canadian company to take over the assets and liabilities of a Swiss company which has been operating in Canada since 1923 in the field of fire and automobile insurance. The bill has the approval of the superintendent of insurance. The capital will be $1 million. Before starting business the paid-up capital will be a half million dollars, which is double the usual requirement. The company intends to do business in the whole of Canada in all kinds of insurance except life.

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

INDUSTRIAL STATUS OF WOMEN

MEASURE TO REQUIRE EQUAL PAY FOR EQUAL WORK

The house resumed, from Tuesday, March 30, consideration of the motion of Mrs. Fairclough for the second reading of Bill No. 2, to provide equal pay for equal work for women.

Miss Margaret Aitken (York-Humber): I want to speak on this Bill No. 2, not because it is one applicable to women but because it concerns a simple matter of justice. Since the turn of the century women in Canada and in the other free countries have been fighting for this type of justice. We are not quite as militant about it today as we were fifty years ago, but I believe we are just as determined. Equal pay for equal work is a principle that I believe a young country like Canada should establish forthwith. Only three provinces in Canada have been enlightened enough so far to introduce equal pay laws. They are Saskatchewan in 1952; Ontario in 1951 and British Columbia earlier this year. Even those provinces are not exactly practising what they have enacted.

In Canada we pride ourselves on being a young country and yet we lag far behind on this enlightened legislation. Older countries

such as France and Italy already have equal pay laws, and so has Burma. I believe Mexico was the first country to enact such a law in 1917. Many years ago Britain approved the principle of equal pay but has never actually enacted it into law. I should like to see Canada approve the principle, enact it and enforce it. In the creative field there is no discrimination at all. An artist is judged and paid according to his or her talents. An author signs the same contract with a publisher irrespective of the author's sex. In fact, such words as "authoress" or "poetess" are obsolete today. In the professions a lawyer or a doctor is worthy of his or her hire. I am proud to say that in my own profession there is no such word as "reporteress" or "editoress".

Yet in one of the most important of all the professions, that of teaching, not only are school boards notably reluctant to recognize this basic principle of equal pay but so are a good many of the male teachers. One reason for this, and I have heard it many times, is that men teachers do extracurricular duties that women teachers are not called upon to do or are not able to do. If a job calls for the same qualifications, then it seems to me there should be one salary schedule. If a little extra brawn is needed along with the brain, then a little extra pay should be given for that brawn. But whether it is in the teaching profession, in industry, or in the civil service, the brawn should be paid for and if the brain qualifications are the same and men and women do an equal job then they should receive equal pay.

Even in industry there is a strange reluctance to recognize this principle. It is true that for some time now the steel workers union has been working on the full application of the equal pay principle, and a good many other labour unions have incorporated it into their contracts. Generally speaking, however, the principle has not received more than lip service. On this question of justice the trade unions have not been overly vocal, nor has management. Unfortunately, and perhaps most important of all, women have not been particularly vocal or have not fought for it. Each group has a different reason for this, but I believe we are all the victims of prejudice and tradition.

Our thinking has not caught up with the actual conditions because from kindergarten on through university we give Canadian boys and girls exactly the same education. They start out with an equal opportunity. We turn out equal products, and then when it comes time to pay these products for what they can contribute we discriminate in the pay. One of the arguments against equal pay for equal work is that men have greater responsibilities towards the establishment of homes and the maintenance of dependents. Like the words "poetess" and "authoress", those are obsolete arguments today. There are more than a million women working in Canada and out of every hundred working women who are gainfully employed, eighty-four work to support themselves and dependents; eight work for special reasons such as buying a house or educating their children or paying off bills; another eight work because they want to work or for the pleasure of paying taxes.

So that 84 out of every 100 gainfully employed women are working because they have to work. While these women may receive one salary for a job, the men receive another salary for the same job. And yet the men meet equally on so many other footings. When it comes to price tags, for instance, there is no discrimination. There is no discrimination when it comes to taxes. When it comes to groceries, fuel or rent there is no discrimination. Yet we do find insistence upon this discrimination in the matter of payment received for jobs.

Some misapprehension has developed among the unions upon the mistaken idea that women will take jobs from men. However, it has been proved again and again that equal pay actually protects men as well as it protects women, and in fact that it protects employees as well as employers. Equal pay discourages employers from hiring women at lower rates of pay, and thus replacing men when they can get cheaper labour. Also, if the principle is adopted universally it protects employers from another industry operating at a cut-rate hiring a majority of women at lower pay, and thus competing unfairly.

I find myself slightly befuddled by the minister's reaction to Bill No. 2. As reported at page 2593 of *Hansard* he asks this question:

> Who is to say what is comparable work, even as between two men employees?

It seems to me the point there is that when it is two men employees who are doing comparable work, or what is considered comparable work, they are paid equally.

Then, as reported at page 2594, the minister pointed out that the four great national labour organizations, and the National Council of Women, have not pushed this matter in their presentation of briefs this year. But I suggest that the government should not sit back waiting to be pushed, but should give leadership in this direction.

It seems to me the minister has been trying to tell us that the people are not particularly

concerned with this problem, and therefore asks why the government should intervene. But I would point out that last year a Gallup poll was taken asking the question from those interviewed, whether they believed in equal pay for equal work, and two-thirds of Canadians answered that they did believe in equal pay for equal work.

Finally, the minister says that he is not against equal pay for women, but that he is going to vote against the bill. This leaves me more befuddled than ever because I cannot see how one can be for something, and vote against it.

In conclusion I would ask the house to remember the preamble in the United Nations charter which establishes the basic principles of human rights in the dignity and worth of the human person, and in the equal rights of men and women.

Mr. Gregg: May I ask the hon. member a question? In the Gallup poll to which she refers was the question, "Are you in favour of equal pay for equal work?" or was it, "Are you in favour of equal pay for equal work, to be instituted by an act of the legislature or parliament?"

Mrs. Fairclough: That is splitting hairs.

Miss Aitken: I shall read the question. The question was: Generally speaking, do you think women who work should receive equal pay with men for the same kind of work, or do you think men should receive more?

Mr. Gregg: I agree with the first question. I am on the side of the angels, there.

Mr. Elmore Philpott (Vancouver South): Mr. Speaker, I wish to say a few words in support of this bill on equal pay for women, although I am aware that the minister looks with, shall I say, only a lukewarm eye on this particular bill. Let me say at the outset that in my opinion it is not a very good bill, and my reason for giving it a certain amount of moral support—and I certainly intend to vote for it—is that I believe it will encourage the government to bring in a really good bill to do the job which the hon. member for Hamilton West (Mrs. Fairclough) is trying to do.

May I say at the outset that it seems to me a great many of the arguments used for so many years in favour of unequal pay—that is, that the man had to get more pay than the woman—have passed away. That is especially true in this country. Because, under the really wonderful welfare state this government has set up, a state in which there is social welfare without socialism, social welfare without regimentation—things like family allowances, grants, old age pensions and old age security—the need for the husband and father to get more money than a woman has largely passed away. Therefore, from the standpoint of equity there is no reason now why there should be discrimination between the sexes.

I say, however, that in my opinion this is not a very good bill. There are weak spots in it. I believe there are great weak spots in all the legislation in Canada which deals with equal pay between the sexes. The last time I talked to my very good friend, the late Agnes Macphail, she remarked what a great sham the bill in Ontario was. I know the bill passed in British Columbia, to which my hon. friend referred, has had some very unpremeditated effects; and one effect it had in British Columbia was that instead of benefiting women it actually handicapped them in certain of the industries. Because in some corporations, whose names I shall not mention, there was an immediate reclassification of the jobs, with the result that, in the end, women found themselves worse off than they were before.

I say there are real weaknesses in the bill sponsored by the hon. member for Hamilton West. I notice, for instance, that she has entitled the bill the "Women's Equal Pay Act." I, for one, would like to know from the hon. member why she did not entitle it the "Equal Pay Act"? Is it that all people are equal, but that women are more equal than men?

Mrs. Fairclough: Perhaps.

Mr. Philpott: I ask that because, just this afternoon, up in the banking committee I asked the president of the bankers association of Canada the same question on this subject, and he told me that while he had no complaint to make about the quality of the work done by women, and that women apparently were just as efficient as men on the job, in certain categories women were being paid more than the men were being paid for doing exactly the same job. So I would like to point out to the hon. member sponsoring the bill that one immediate effect of it would be to reduce the pay of a certain number of bank clerks in Canada. So it seems to me that perhaps, having in mind the Irish gentleman who believed in the equality of all men, but also believed that the Irish were the best of the lot, we should take a second look at some of the provisions in the bill designed to give equal pay to women.

In my opinion a better approach to this whole question of equal pay would have been to put equal pay provisions in the anti-discrimination law passed by the house a year or so ago, and to make it an offence to discriminate against anyone on grounds of race, colour, creed or sex.

Mr. Knowles: Have you consulted the Minister of Labour on that point?

Mr. Philpott: Speaking about labour, I would say to the hon. member for Winnipeg North Centre (Mr. Knowles) that one of the reasons why we have not had equal pay legislation long before now in North America, or better still, we have not had equal pay action long before now is that the trade unions of North America, to say the least, have been decidedly even more lukewarm about this particular measure than the minister happens to be about this particular bill. We had a notorious case of a great union in the United States not so many years ago where even in their own head office, they were not giving equal pay as between men and women for the same job, even though they were setting themselves up as a champion of organized workers in such and such a field.

Further, I may say that while I intend to vote for this bill just as a gesture, a small token, that perhaps we should get this government to bring in a better bill after due investigation, I would think that one of the great things we need in this country is an expert investigation under some proper body as to just what are the facts about discrimination in pay as between men and women, and what might be done most effectively to redress any discrimination that there should be. I know that this is not the stage to discuss it, but if this bill ever gets into the committee stage I certainly will do my best to emphasize the impracticality of the machinery that the bill sets up to try to get a remedy for alleged grievances, because it puts the whole onus on the individual, and then it sets up very cumbersome and clumsy conciliation machinery. I notice also that it invokes a fine of merely $100 on anybody who offends the law. After all, if there were a really serious case of discrimination, the employer could gyp the female employee out of $1,000 salary and could well afford to pay the $100 if he were caught.

However, as I say, this is a long-overdue reform in Canada, and there should not be any discrimination between the sexes. We should have equal pay for equal work, and even if it is true that in some cases people are clamouring for equal pay, especially the school teachers and others, they ignore the fact that there is a certain amount of injustice, for instance, where some of the male teachers are called on to stay for many hours after school is out to carry on extracurricular activities for which they get no compensation. Notwithstanding all that, I do intend to vote for this bill because I think it is a step in the right direction, even if it is not a very long one.

Mr. Deputy Speaker: If the hon. member for Hamilton West speaks now, she will close the debate.

Mrs. Ellen L. Fairclough (Hamilton West): In replying to some of the statements which have been made in the course of this debate I should like to deal with several points, but right at the beginning I cannot resist commenting on a news item which has just been brought to my attention. In this evening's paper there is an article headed: "British budget contains promise of equal pay." It goes on to describe the new budget which was brought down in Great Britain today and it says it is indicated that the British government had at long last acquiesced in the desires of the women of Britain, and intends to bring in equal pay legislation.

Mr. Rowe: This government might bring it in tonight.

Mrs. Fairclough: On March 2 when this bill was introduced the minister, in replying, first of all admitted that women's work was needed certainly in our rapidly expanding economy. I am interested to note that in the current issue of the *Labour Gazette* it is indicated that women in the labour force are highlighted. There are several articles from various sources, and some extremely interesting information. One article is apparently the product of the department itself. It states that from 1901 to 1951 the number of women in the labour force has increased almost fivefold, and the ratio of women in the labour force to the total population of women of working age has almost doubled. The proportionate increase in their numbers in the labour force has far exceeded that of men. If I were not simply using this period in reply I should like to quote further from this article, but I do not wish to take the time of the house now because, if it is at all possible, I should like to see this question brought to a vote.

Apart from the fact that the minister has admitted the need of women workers, it is substantiated many times in the articles to which I have referred. Again the minister has said that this bill makes provision for complaints. I should like to say that that is the way it should be. I do not think that the enforcement of such legislation should depend upon inspection. In the legislation there should definitely be a provision for the lodging of complaints. I note it has been said by some of those who have spoken that there have not been very many complaints lodged under the legislation which is in

effect at the present time. In order to find out exactly what the situation is I have procured some information with respect to the Ontario act which went into force just two years ago. I have found that in that time 104 complaints have been lodged; 38 of these are in process at the present time. Of the total number, 14 were dismissed and 52 were withdrawn, presumably after consideration, and I expect a certain amount of agreement between both parties, but 38 are still in the process of being considered.

The minister also made the remark that women do not appear to be numerous in the membership of our labour organizations. I should just like to say that that is probably true and it is all the more reason why they need legislation to protect them. If the large number of women who are employed in industry and in commerce and in education and in other fields today are not protected by labour unions or by labour organizations which promote their rights, then there is all the more reason why federal legislation should set out the intent of labour generally in this country, and certainly indicate the thing which is already, as the hon. member for York-Humber (Miss Aitken) said earlier, the opinion, as shown in the Gallup poll, that most of the people of this country are in favour of equal pay for equal work.

I might say in that regard that the minister was splitting hairs when he asked whether the question put to the people was whether they thought women should have equal pay with men or whether they thought legislation should be enacted to provide for it. Certainly if the predominance of opinion was in favour of it, I would think that the predominance of opinion would likewise be in favour of legislation to enforce it.

The minister said further that he thought that the matter of equal remuneration should be a factor in collective bargaining, and that it had hitherto been regarded as a factor in collective bargaining; but apparently the provinces of Ontario, Saskatchewan and British Columbia did not think so, nor did the 13 states in the United States of America which have enacted this type of legislation, nor did the other countries which have enacted such legislation, and now certainly the British government does not think so either, because they have indicated their intention of bringing in legislation at this session of parliament.

Industrial Status of Women

The minister goes on to say he does not want to give the impression no problem exists, but he adds, as reported at page 2594 of *Hansard*:

> I should like to know that a specific problem existed . . . and that it was serious enough to warrant intervention.

I do not know how serious the minister believes a problem should be before there is intervention. Certainly there is a problem as he admits, and it should be seriously considered and not just brushed lightly aside with a lot of half-baked excuses about the fact that it should be a matter for collective bargaining; that the time is not ripe; that we have not taken advantage of the legislation at present on the statute books; that the present bill is inadequate, or any of the number of minor criticisms which have been attached to this legislation.

As the hon. member for Vancouver-Quadra (Mr. Green) said on March 19, this is a matter of establishing a standard, and probably, as the hon. member for Timiskaming (Mrs. Shipley) pointed out, there would not be many prosecutions, but the act itself would have a salutary effect on employers, and I believe that is why you do not have too many complaints under this legislation. Once legislation is in effect the average person goes along with it and they do not deliberately flout the law. They try to abide by the laws of their country. Several other hon. members have been concerned, as was the hon. member for Vancouver South (Mr. Philpott) today, with the implementation of this act. But I do not believe, Mr. Speaker, that any legislation being brought down for the first time is ever perfect. I cannot agree with him that this matter has any connection with the fair employment practices act. We gave very careful consideration to that matter and I know the minister considered it in detail when he brought in the first bill, but I cannot agree this matter of equal pay for equal work has any place in fair employment practices legislation.

I would suggest that the hon. member for Vancouver South must have been influenced by those who conducted what was more or less a lobby on this subject, and I can assure him that we were all victims of that lobby, although some of us with strong opinions on the subject were not influenced by it.

Mr. Philpott: No one lobbied me.

Mrs. Fairclough: Perhaps you didn't recognize it as a lobby. In any event this legislation as I said previously has been adopted by many governments both in this country

and abroad. It is a progressive type of legislation which fits well into the changing employment conditions of our time and I solicit the support of every hon. member of this house in regard to this legislation.

The house divided on the motion (Mrs. Fairclough) which was negatived on the following division:

YEAS

Messrs:

Aitken, Miss	Jones
Argue	Knight
Balcer	Knowles
Barnett	Leboe
Bell	Lennard
Blackmore	Low
Blair	Macdonnell
Brown (Brantford)	MacDougall
Bryson	MacInnis
Cameron (Nanaimo)	McCullough (Moose Mountain)
Campbell	McGregor
Cardiff	McLeod
Casselman	Monteith
Castleden	Murphy (Lambton West)
Charlton	Nesbitt
Churchill	Nicholson
Coldwell	Nickle
Crestohl	Noseworthy
Dinsdale	Patterson
Drew	Philpott
Dupuis	Purdy
Ellis	Quelch
Eyre	Regier
Fairclough, Mrs.	Robinson (Bruce)
Fleming	Rowe
Fraser (Peterborough)	Shipley, Mrs.
Fulton	Simmons
Gagnon	Small
Gillis	Stanton
Goode	Starr
Green	Thatcher
Hahn	Tustin
Harkness	White (Hastings-Frontenac)
Hees	White (Middlesex East)
Herridge	White (Waterloo South)
Hodgson	Winch
Hollingworth	Wylie
Howe (Wellington-Huron)	Zaplitny—78.
Johnson (Kindersley)	
Johnston (Bow River)	

NAYS

Messrs:

Anderson	Cloutier
Applewhaite	Cote
Ashbourne	Decore
Batten	Demers
Bertrand	Deschatelets
Blanchette	Deslieres
Boisvert	Dumas
Boivin	Enfield
Bonnier	Fairey
Boucher (Chateauguay-Huntingdon-Laprairie)	Follwell
Bourget	Fraser (St. John's East)
Bourque	Gardiner
Brisson	Garland
Brown (Essex West)	Garson
Buchanan	Gauthier (Lake St. John)
Cameron (High Park)	Gauthier (Nickel Belt)
Campney	Gauthier (Portneuf)
Cannon	Gingras
Caron	Gingues
Carter	Girard
Cavers	Gour (Russell)
Chevrier	Gourd (Chapleau)
Gregg	McMillan
Hanna	McWilliam
Harris	Mang
Harrison	Masse
Hellyer	Meunier
Henderson	Michaud
Henry	Mitchell (Sudbury)
Hosking	Nixon
Houck	Pearson
Howe (Port Arthur)	Pickersgill
Huffman	Pinard
Hunter	Pommer
James	Poulin
Jutras	Pouliot
Kickham	Power (St. John's West)
Kirk (Antigonish-Guysborough)	Proudfoot
Kirk (Shelburne-Yarmouth-Clare)	Prudham
Lafontaine	Ratelle
Langlois (Gaspe)	Roberge
Lapointe	Robertson
Leduc	Robichaud
Lefrançois	Robinson (Simcoe East)
Lesage	Ross
Lusby	St. Laurent
MacEachen	Smith
MacKenzie	Stick
MacNaught	Studer
Macnaughton	Viau
McCann	Weaver
McCubbin	Weir
McCulloch (Pictou)	Weselak
McIlraith	Winters
	Wood—109.

Mr. Speaker: The time allocated for private and public bills having expired, the house at eight o'clock will consider the business which was previously announced. As it is six o'clock, I do now leave the chair.

Perhaps I should remind hon. members that during a division they should not leave the house and also that they should not leave the house until the Speaker has left the chair.

At six o'clock the house took recess.

AFTER RECESS

The house resumed at eight o'clock.

THE BUDGET

ANNUAL FINANCIAL STATEMENT OF THE MINISTER OF FINANCE

Hon. Douglas Abbott (Minister of Finance) moved:

That Mr. Speaker do now leave the chair for the house to go into committee of ways and means.

He said: Mr. Speaker, I think I must depart from my carefully prepared text to express my appreciation for the warmth of the greeting of my friends behind me.

This is my eighth year as Minister of Finance and my tenth budget speech. When I brought down my first budget the world had just emerged from a long and costly war. Looking back at it now I can say that the views I then expressed about our own affairs

have been more than justified, but our international hopes have fallen far short of realization. We have had to cope with recurring threats to peace and security, and we have had to incur heavy costs, in co-operation with our friends and allies, in building up the defensive strength of the free world. Solid progress, however, has been made during 1953 and we can face the future with growing confidence.

The growing strength of the North Atlantic alliance has done much to reduce the dangers of armed aggression, but fundamental solutions are still denied us. A just settlement of these questions requires the free world to continue to improve its defensive position in order to negotiate from strength. We cannot yet afford to relax.

In the economic sphere, 1953 has been a much better year. Industrial and agricultural production in almost all countries has continued to expand, and consumption has risen. Supplies of many products entering into international trade are becoming more plentiful, and international markets more competitive. The recovery of Germany and Japan has contributed to this development. It is becoming increasingly evident that after many years of scarcity and inflation we are returning to more normal competitive conditions.

It is encouraging to note the further improvement which has taken place in trade and payments relations between the dollar and the non-dollar countries. The clearest indication of this is the substantial increase in the gold and dollar reserves of overseas countries. During 1953 the sterling area achieved a substantial over-all surplus with the rest of the world. The central reserves held by the United Kingdom rose by $670 million during 1953 and have continued to rise in the first quarter of 1954. As a result of these favourable developments the position of the sterling area has strengthened considerably. A substantial improvement in the over-all balance of payments and exchange reserves has also been experienced by most European countries.

The progress of the United Kingdom toward freer trade is most significant. Large sectors of trade have been decontrolled; commodity markets have been reopened; and important raw materials and foodstuffs have been placed under open general licence. As a result of these changes, United Kingdom importers are now free to purchase a large part of their basic requirements from the cheapest sources, including the dollar countries. Significant relaxations in trade and exchange controls have also been introduced by Germany, Belgium, Holland, South Africa and a number of other countries.

While this worth-while progress toward freer trade and payments is a source of satisfaction it still falls far short of what is needed. In many respects the balance of world trade, although very much improved, still lacks defence in depth. It cannot be otherwise as long as major currencies are inconvertible, and there continues to be a widespread use of restrictionism and discrimination.

Perhaps the most encouraging feature of recent developments in this field is the change in the attitude of many countries to their external financial problems. There is a growing impatience with the existing system of direct trade controls and discriminations and an increased awareness of the serious economic damage which results from the perpetuation of such policies. To a greater extent than at any time since the end of the war, overseas countries are showing a willingness to envisage basic changes in their trade policy in order to deal with their exchange problems in a fundamental way.

This attitude is most clearly expressed in the "collective approach" proposals formulated on the initiative of the United Kingdom at the commonwealth economic conference in December 1952. These proposals envisage the restoration of an effective system of multilateral trade, and the achievement of currency convertibility over the widest possible area through co-operative international action. In the course of my last budget I stated that Canada had participated fully in the development of the "collective approach" and would be willing to co-operate in any common efforts required to achieve these goals. Today, I am glad to report that real progress has been made over the past year in laying the foundations for the implementation of this constructive program.

In January, as the house knows, I attended the conference of commonwealth finance ministers in Sydney, Australia, which—by the way—I consider to be the most satisfactory conference of this kind since the end of the war. In reviewing developments since the December 1952 meeting, the conference agreed that the substantial improvements which had taken place confirmed the fundamental soundness of the policies and objectives which they had set for themselves. Without reservation all commonwealth countries joined in a clear reaffirmation of the "collective approach" proposals for currency convertibility and freer trade.

During the past year constructive developments have also taken place in other countries. For most of this period the United States has been in the process of re-examining its foreign economic policies. An important stage in this process was completed in January, when the United States commission on foreign economic policy issued its report. The recommendations of this commission—better known as the Randall report—provide, in my view, a reasonably promising basis for action by the United States in a co-operative movement towards a sounder system of trade and payments.

Progress has also been made by international agencies with responsibilities in this field. The international monetary fund has made changes in its rules and practices to ensure that its resources can be used more effectively to support a major move to convertibility. In Europe the OEEC has undertaken a study to see how the European payments union can best be integrated into a broader payments system, and powerful new voices have recently been raised in western Europe in favour of an early move to convertibility and multilateral trade.

As part of this general move to strengthen the instruments of international economic co-operation, the contracting parties to the general agreement on tariffs and trade have undertaken an important program of work for the coming year. GATT has made a most valuable contribution to the expansion of world trade, and we welcome the decision to undertake a general review of the agreement with a view to making it a more effective instrument. The session which is planned for next fall will also consider the prospects for new multilateral tariff negotiations. In the meantime, in order to safeguard the stability of present tariff arrangements, the existing agreements have been extended to the end of June, 1955.

From what I have said, it is clear that events are shaping up to make the coming year an important one for progress in international economic co-operation. The new and positive attitudes of many countries, their improved trade and payments position, and the substantial progress towards domestic economic stability have combined to create a more favourable climate for advance than at any time since the end of the war.

No single country can by itself ensure the success of an enterprise which must essentially be a collective, co-operative effort. At the same time, I think it fair to say that the policies and attitudes of the United States in this regard occupy a place of central importance. The United States has been one of the strongest exponents of policies directed towards the reduction of trade barriers and the expansion of international trade. The success that has been achieved in this field is in large part due to the steady encouragement and substantial assistance that the United States people and their government have given to the countries of the free world. Canada has welcomed these policies and has played its full part in this constructive enterprise.

Three weeks ago I attended the first meeting of the joint United States-Canada committee on trade and economic affairs where ministers of our two countries had an opportunity to examine economic problems of common concern. Consideration was given throughout the discussions to the need for action towards freer trade and payments on a broad front. It was agreed that few things would contribute more to the well-being and economic stability of the free nations of the world than a forward move in this direction, and it was recognized that enlightened economic policies on the part of both the United States and Canada would contribute materially to the achievement of a better trade and payments system throughout the free world. United States ministers warmly welcomed the evidence of a desire in many countries to take decisive steps towards the restoration of a broad area of convertibility. I came away from these meetings with a distinct impression that the United States administration is willing to do its part in making such a movement successful. To this end the United States administration has just placed before congress a program designed to give effect to the main recommendations of the Randall commission. It is greatly to be hoped that the actions of the United States in the trade field will continue to provide effective leadership at this critical time.

Canada, as the third largest trading country, also has important responsibilities to fulfil in these co-operative efforts. At Sydney and at Washington I reaffirmed our willingness now, as in the past, to play an appropriate part in bringing about a freer world system of trade and payments.

Earlier in my remarks I referred to the fact that there has been a return to more normal competitive conditions in world markets. As might be expected, this development has brought with it growing protectionist pressures in many countries, including Canada. It should be clear that any retrograde step at this time would not only prejudice the achievements we have already made but would also jeopardize the prospects for real progress which are now at hand.

I come now to a review of economic developments in Canada during 1953 and the outlook for 1954. In 1953 the Canadian economy reached new peaks of production, employment and consumption. A year ago I based my budget on the expectation that the gross national product would increase by about 4 per cent; actually it increased about 5 per cent. Since population increased less rapidly than national product and since prices were stable, the average Canadian worker and consumer had more dollars to spend and was able to obtain more goods for his dollars than in any year in our history.

The main factors responsible for the high level of production of 1953 were much the same as those of 1952 although the relative importance of some of them varied. Our very large defence program continued to give strong support to production and personal incomes, but this element has become a sustaining rather than an expansionist force. In each of the years 1951 and 1952 defence expenditures increased by about $600 million, whereas in 1953 they were about the same as in 1952 and there will be not much change in 1954. This slowing down in the growth of defence expenditures no doubt contributed to the levelling off of production in some industries that became evident toward the end of 1953.

On the other hand, a very substantial increase in consumer expenditures, and an expanding program of private capital investment, were strong stimulating forces. Consumer expenditures, strengthened by the continued rise in real incomes, showed a particularly large increase, and were the most dynamic force in the upward movement of 1953.

New investment in plant, equipment and housing rose by 10 per cent. New housing showed the most striking increase, rising by about 30 per cent, and was responsible for almost two-thirds of the total increase in durable physical assets put in place in 1953. There was a considerable increase in construction in the sectors of trade and commerce and in institutional building, where investment had previously been postponed by government restrictions during the early defence build-up period. Capital expenditures in manufacturing declined slightly, but investment in mining and resource development continued to increase. There was a significant increase in business inventories during the first nine months of the year, concentrated largely in the manufacturing and retail groups. The decline in inventories during the final quarter, though it contributed to the levelling off of business activity, was basically a constructive adjustment.

Finally, 1953 was also another big year for Canada's external trade. Imports continued the upward trend which first became apparent in the latter part of 1952, and were 9 per cent greater than the previous year. Exports, on the other hand, while still at very high levels showed a decline of 4 per cent from the record established in 1952.

The substantial increase in demand for imports reflects in large part the high levels of investment and consumer spending which characterized the economy during 1953. It also reflects the improved supply situation in many countries and sharper competition in world markets. These factors also contributed to the small decline in Canadian exports, including such traditional export products as wheat, woodpulp and farm machinery.

A significant change took place in the direction of our export trade. Sales to the United States rose by over $100 million, while the proportion of our exports going to the United Kingdom and other commonwealth markets declined, reversing the trend which had prevailed during 1952. On the other hand, there was some increase in the proportion of our imports coming from the United Kingdom.

The emergence of an import surplus on merchandise account was the main reason for the swing in Canada's balance of payments position from a current account surplus of $157 million in 1952 to a deficit of some $467 million in 1953.

Short-term capital movements during the past year showed a much smaller net outflow on balance than in 1952. At the same time there was an increased inflow of long-term capital associated with an expansion in direct investment in Canada and net sales of new Canadian issues abroad were again substantial. These capital movements produced a surplus on capital account roughly equivalent to the deficit on current account, and there was little net change in our foreign exchange reserves. The foreign exchange value of the Canadian dollar showed almost no net change during the year. It declined moderately from January to May, and then moved up slowly to the end of the year.

Coming now to the present position, the first thing to observe is that the real income of the Canadian people has been expanding at a rapid rate for a number of years. The fact that the economy in 1953 was able to achieve further gains of the magnitudes I have sketched suggests to me that we should

not feel unduly concerned with a temporary slowing down of this rate of advance. Indeed, in the dynamic kind of economy we have in Canada an occasional hesitation in its forward movement may well be one of the consequences of the buoyant character of our economic growth.

Most of the elements which supported the growth in national product in 1953 are still present, and I believe that the forces of long-term expansion will soon reassert themselves. But some readjustments in production, in costs and in pricing policies are necessary, and are indeed going on.

There is no need for me to go into detail concerning the nature of the present economic situation. It is characterized by more unemployment than we had last year at this same time, and by more unemployment than any of us like to see. It is marked also by a slackening in the growth of production and by declines in certain industries.

An explanation of this state of affairs in Canada can be found in a series of changes which have been at work during the last year or more, both in the international economic field and here in Canada. These changes have given rise to a greater degree of import and export competition, and to a more cautious attitude on the part of industry. These factors have led some industries to reduce their rates of production, or of inventory accumulation. I may note, in passing, that the main explanation for the recession in business in the United States given in the President's report to congress was a change from inventory accumulation to inventory reduction. Added to this there has been a small decline in net farm income resulting from a reduced volume of agricultural production, and lower farm prices. We have also experienced a small decline in exports. Although the effect of these declines in farm income and in exports should be measured against the very high levels achieved in the previous year if we are to keep things in proper perspective, the fact remains that they in turn have tended to limit the demand of the producers affected for the products of the other sectors of the economy.

The increase in imports, especially of those kinds of things that we make in Canada in reasonable volume, and the decline in our exports, small though these changes may be, inevitably raise the question of our efficiency and of our cost and price structure. I do not agree with the suggestion occasionally heard that Canada has become a high cost economy. That may be true of some few sectors, but it is not true of our basic industries. But it is true that for seven or eight years business has been travelling along a comparatively easy road. After the war we had an unscarred and greatly expanded economy. We had learned a lot and made great technical advances. In a world beset with shortages and great tasks of reconstruction we have been admirably situated to supply both our own needs and the needs of our customers. Many countries have now recovered their productive capacities; they can meet a larger part of their own needs and they have more for export. Competition both for our market and theirs has become keener.

Until quite recently our industries have been protected more by external shortages than by our traditional tariff structure. This special form of protection is now disappearing, and some of our industries are finding that they have not watched their costs as carefully as they should, that their break-even points are uncomfortably high, and that their costs and prices are out of line. One result of all this is that I have had more requests for tariff increases or other forms of protection during the past few months than in any year since I became Minister of Finance. This government, as the house knows, has steadily favoured reducing obstacles to trade, and we must move in this direction if we expect others to do likewise. If we were to meet every breath of new competition by increased protection we would certainly become a high cost economy and progressively aggravate our problems.

The re-emergence of keen competition in trade means readjustment and reappraisal. It means a sharpening of pencils and a careful re-examination of managerial and labour efficiency. This is not an easy process, but it is a very necessary one, and the longer it is postponed the more difficult it becomes.

I do not believe that the current slowing down of expansion will be serious or prolonged. Inventory accumulation is a volatile factor in an economy as dynamic as ours but if we bear in mind that the total of demand both at home and abroad is being well sustained, the present situation should be quickly self-correcting.

My reasons for saying this are, first, that the support to be given to production in 1954 in the principal areas where demand originates is well assured. This statement holds good whether we look at the intentions of Canadian business with respect to new investment, or at the probable expenditures of Canadians as consumers or builders of new houses, or at the rate of government expenditures, or at the prospects for exports. The second reason is that we already have a series of supports which should prevent the present readjustments from becoming more generalized and self-aggravating.

It is clear that industry as a whole has such confidence in the future of the economy that it intends to undertake greater capital investment than ever before. The annual survey of investment intentions recently tabled by my colleague, the Minister of Trade and Commerce (Mr. Howe), shows that 1954 will see nearly $6 billion spent on new investment, or three per cent more than in 1953. Though some industries will spend less on new investment in 1954, other industries, especially the public utilities, mining, and commercial establishments will spend more, and more than enough to maintain the extraordinarily high levels reached in recent years. Housing requirements remain substantial and the recent changes in the housing act should help to translate these needs into results.

The expenditures of the federal government on goods and services, as well as those of provincial and municipal governments, will increase moderately this year. Given the present high level of personal incomes, and the high volume of available personal savings, there is a strong basis for maintaining or increasing consumer expenditures during 1954.

So far as exports are concerned, the outlook is a little less certain. In the last few years unusually high sales of wheat and coarse grains have contributed to increase our exports. But by normal standards, the prospects for grain sales remain good. For other export commodities no significant changes seem likely, though much will depend on markets in the United States. So far as our European and commonwealth markets are concerned, the basic economic position of these countries has improved and an increase over the export levels of 1953 is a reasonable expectation.

As in so many other questions affecting our development much will depend on the economic situation in the United States. This is, of course, the open season for forecasting the behaviour of the United States economy, but I do not propose to join in this particular exercise. I shall merely note that responsible opinion in the United States seems to be confident that the present downturn will not be deep or prolonged, and that there is a growing consensus of view that an upturn can be expected soon.

In the light of all these considerations, I do not feel that drastic measures by government are appropriate to the present economic situation. As I have said on many previous occasions, there are bound to be both ups and downs in an economy enjoying an unusually high rate of growth. Our present adjustments are taking place at a level of activity which is higher than anything we have been accustomed to in the past. Governmental intervention or expenditure is not a cure for the problem of those industries where supply has temporarily outrun demand, at home or abroad, or where costs and prices have got out of line. The basic solution in these industries must be to produce more efficiently, to eliminate waste, to reduce costs and to search out new markets, with new or better products. In many instances I know that these processes are already under way.

There is, of course, a good deal that can be done by government by measures which have the effect of sustaining demand and production. The government's projected capital expenditure program for the coming year, as indicated in the estimates, takes into account the higher priority which is now being given to federal projects. Even in this field, however, the present plans of industry to embark upon new capital construction, and the expected high level in housing activity, leave little room for any greatly expanded program on federal account. And I do not believe, in any case, that increased public works of the kind appropriate for the federal government can remedy a problem which is to a large extent local in character.

The amount of transfer payments made by the federal government has grown considerably in recent years and provides an underpinning of consumer expenditures. Some of these payments, such as unemployment benefits, necessarily increase when earnings fall off and thus support the level of expenditures. Most of these transfer payments, such as old age pensions and family allowances, are made to groups who spend nearly all their incomes on goods and services. In agriculture and fisheries, price support legislation has been in operation since the end of the war, to put a floor under the incomes of primary producers when economic stability is seriously threatened.

My general conclusion is that our national product in 1954 will be at least equal to 1953, and probably higher; in other words I think that an upswing in the second half of the year will more than compensate for the declines that are evident in certain branches of industry at present.

I should like now to report briefly on our revenues and expenditures for the fiscal year which ended last Wednesday. The usual detailed statements of the accounts are in the white paper which I tabled yesterday and I do not propose to take time in covering this ground again. However, I should remind hon. members that the final results of the year's operations will not be known for some time

yet. Consequently the figures in the white paper and those which I shall use tonight are based on estimates and must be regarded as preliminary.

In my budget speech last February, I estimated budgetary revenues for 1953-54 at $4,473 million, expenditures at $4,462 million and our prospective surplus at $11 million. It appears now that our actual revenues for the year were about $4,400 million, our expenditures about $4,390 million and our budget surplus about $10 million.

Despite the tax reductions announced in the last year's budget, revenues in 1953-54 were the largest on record. The total of $4,400 million is $73 million, or about 1½ per cent less than I forecast a year ago, but about $40 million more than we collected in the preceding year. Personal and corporate income tax and excise duty collections have been short of my budget forecast, but customs, sales and excise taxes and non-tax receipts have all exceeded my earlier expectations. Of the total revenues for the year, personal and corporate income taxes, succession duties and other direct taxes produced 56 per cent, commodity and other indirect taxes 35 per cent, and non-tax revenues 9 per cent.

The expenditures last year, at $4,390 million, were $72 million or 1½ per cent less than my budget forecast, but about $53 million more than the total spent in 1952-53. Again the most notable feature of our expenditure program has been the continued importance of defence which constituted over 43 per cent of all government outlay in 1953-54. Full details are given in the white paper, and I shall only point out that, apart from defence, our total budgetary expenditures in round figures amounted to $2½ billion. Of this sum nearly $500 million was for interest and service of the public debt; $750 million—in addition to $340 million paid out of the old age security fund—was for family allowances, veterans' benefits and other welfare and social security services; about $340 million for subsidies and tax rental payments to the provinces; and $110 million for services and assistance to agriculture. In other words, these four classes of expenditure accounted for more than two-thirds of all our civil or non-defence expenditures.

I should like to say something about our cash position and those aspects of our financial operations which lie outside the budget. Once again, in addition to our outlay for governmental services which are included in the budget proper, we have had to provide large sums for loans, investments and working capital advances and for a variety of other purposes. During the fiscal year, these outlays, all of which of course were authorized by parliament, amounted to $430 million. To meet these requirements we have had available from non-budgetary sources the very large sum of $810 million, of which $445 million came from the repayment of loans and advances and $200 million from net receipts and interest accumulations in various annuity, insurance and pension accounts. Details of all these transactions are given on page 62 of the white paper.

After taking into account our budgetary surplus of $10 million and the net amount of $380 million remaining from all these non-budgetary transactions, $390 million was available for debt reduction. Actually, funded debt in the hands of the public was reduced during the year by about $270 million, and our cash balances at the end of the year were $120 million higher than they were at the beginning.

The public debt operations during the past year have included the redemption or refinancing of a large volume of matured or called bond issues. In addition to the usual refunding or conversion of short term securities, we issued new securities amounting in round figures to $3,150 million and redeemed old securities and acquired others for our sinking fund and securities investment accounts in the amount of $3,420 million. As a result, as I indicated a moment ago, we were able to reduce our unmatured funded debt outstanding in the hands of the public by $270 million.

The average rate of interest paid by the government on its funded debt was slightly higher at the year-end than it was at the beginning. Two years ago the rate was 2·67 per cent and last year it was 2·77 per cent. At March 31, 1954 it was 2·86 per cent.

I turn now to a consideration of a tax policy appropriate to the coming year.

Our present tax structure under prosperous conditions, without inflation, and allowing for a normal growth factor, would produce revenues of about $4,500 million this year. Present indications, in my opinion, point to an early resumption of an upward trend in business, and a good prospect of this figure being realized. It is, of course, possible that external factors might be such that the present pause in our expansion would continue through most of the year, and if that happened our revenue would be lower. I feel fully justified, however, in basing my tax policy on a liberal rather than a conservative estimate of the future. I propose, therefore, to take $4,500 million as

my revenue base; and if I may have unanimous consent I shall insert at this point in *Hansard* a table giving the details which make up this total.

Mr. Speaker: Has the minister the consent of the house to place the table on *Hansard?*

Some hon. Members: Agreed.

Mr. Abbott: The table follows:

Table I

Revenues Before Tax Changes

(in millions of dollars)

	1954-55	1953-54 (Preliminary)
Personal income tax	$1,235	$1,189
Non-resident income tax	55	54
Corporation income tax	1,200	1,194
Succession duties	40	40
Customs import duties	415	408
Sales tax	610	592
Other excise duties and taxes	540	518
Miscellaneous taxes	15	14
Total tax revenues	4,110	4,009
Non-tax revenues	340	317
Special receipts and credits	50	74
Total revenues	4,500	4,400
Old Age Security Taxes		
2 per cent sales tax	153	148
2 per cent personal income tax	97	91
2 per cent corporation income tax	56	55
Total	306	294

The main estimates of expenditure have already been tabled and total $4,492 million. With the co-operation of my colleagues and the treasury board staff, I have been following each year a policy of steadily improving the quality and the completeness of the main estimates, and I believe that this year they are as complete as it is possible to make them. There will, of course, be some supplementaries, but I can foresee no large items overhanging us, such as we had last year in the losses related to foot-and-mouth disease and in the costs of the general salary increase for the public service, which together totalled nearly $100 million. Each of the more than 500 items which make up the total estimates are individual maximum authorizations, and there is bound to be a certain amount of underspending and lapsing. The original estimates have been carefully screened and the lapsings will not be large, but they can hardly average less than 1 or 2 per cent. All in all, I have come to the conclusion that a prudent estimate of our total budgetary expenditures is $4,460 million.

My general philosophy with respect to taxation has always been that in good, prosperous years we should balance the budget with a bit over for the reduction of debt. When we have had exceptional years, and especially under conditions of inflationary pressures, I have never apologized for having a substantial surplus for debt reduction. I am also convinced that whatever merit there may be in large scale deficit financing under severe conditions, those conditions neither exist nor are they in prospect. On the other hand, I do not think one should be unduly cautious and refuse to consider desirable tax reductions just because conditions might deteriorate and we might have a small deficit.

Taking, therefore, $4,500 million as my revenue base, and $4,460 million as my expenditures, I have a modest sum of about $40 million available for tax abatement.

Beyond the budgets we shall, as usual, have to find cash to make authorized loans, advances and investments. We shall probably require about $125 million for loans to Central Mortgage and Housing Corporation. The Canadian National Railways capital requirements in 1954, which are initially financed by advances from the government, will come to about $190 million. Funds will be needed for other crown corporations and for loans under veterans' legislation and other authorized purposes. There are likely to be net disbursements from the defence equipment replacement account, and it would appear that the revenues of the old age security fund will again fall short of payments. To finance all these requirements, there will be cash available from non-budgetary sources, mainly from the repayment of loans and advances and from the various insurance, pension and annuity accounts which the government holds and administers. It is not possible to forecast these non-budgetary items accurately, but I expect that, excluding funded debt operations and the requirements of the C.N.R., there will probably be a small net balance in our favour.

Another matter that I am required to report upon to parliament is the position of the old age security fund. I have included this report in the white paper at pages 67 and 68. Hon. members will recall that payments under the Old Age Security Act began in January, 1952, but contributions to the fund became payable at different dates—the 2 per cent sales tax in January of that year, but the 2 per cent personal and corporate income taxes not until July, 1952. There was therefore a long lag between payments out of and payments in to the fund. This lag created a deficit in the fund of $50 million in the first three months of 1952, and contributed largely to the deficit of $99·5 million in the year ended March 31, 1953. Recognizing this lag,

parliament in 1952 appropriated funds from general revenue to extinguish the first three months' deficit.

Last year I reported to parliament that because of the continuing effects of the initial time lag I would have to wait another year before I could form a proper judgment on the real balance of income and outgo in the old age security fund. At that time I had expected revenues of $278 million, payments of $345 million, and a probable shortfall of $67 million. In fact the results have been much better. Payments were $6 million less than I had forecast, revenues $16 million higher, and the deficit at $45 million is one-third less than expected.

Looking at the year just beginning, it seems probable that we shall again have a deficit of about $50 million. A precise accounting approach might suggest that I ought to propose an increase in the scale of contributions; but, as I said a few minutes ago, I do not think this is a time to be increasing taxes in Canada if that can possibly be avoided. I propose therefore to carry on with the same scale of contributions for another year.

Under the Old Age Security Act, deficits in the fund are met by temporary loans from the Minister of Finance and these loans are carried as active assets on our balance sheet. The $99·5 million deficit of 1952-53 resulted in large measure from the original time lag between the commencement of payments and contributions. I do not believe any useful purpose is served by carrying this liability of the fund forward into another year, and I propose, with the consent of parliament to write it off against our accumulated active asset reserve.

FEDERAL-PROVINCIAL FINANCIAL RELATIONS

Before completing this statement of tax policy for the ensuing year, I must make some reference to the general field of federal-provincial financial relations by reason of the fact that the province of Quebec has decided to impose again a personal income tax.

The right of any province to impose such a tax has never been questioned. The preamble to the recent Quebec statute imposing the tax contains a statement, however, which cannot be allowed to pass unchallenged. That preamble contains the following words:

Whereas the Canadian constitution concedes to provinces priority in the field of direct taxation:

There is no foundation in fact or in law for such a statement. The provisions of the B.N.A. Act in this regard are clear and unambiguous. Federal taxing power is unlimited. Provinces are limited to direct taxation within the province for provincial purposes. No priority is stated and none is implied. On the contrary, both levels of government have equal and concurrent rights in the field of direct taxation.

Within their powers of direct taxation, provincial governments have imposed general retail sales taxes, taxes in respect of particular commodities such as gasoline, tobacco and liquor, security transfer taxes, and so on. In fact, with the exception of customs duties, I know of no important source of revenue used by the federal government which has not also been available to provincial governments. Presumably all provincial taxes are direct taxes. If provincial priority in the field of direct taxation is admitted, it follows that they have priority in the case of all the taxes which they levy, including these sales taxes and commodity taxes of all kinds.

Under such a doctrine, the provinces would have the right to demand that the federal government, in effect, abandon taxes up to the extent of provincial use. The federal government would be bound to accommodate fully whatever level of direct taxes the provinces wished to impose, and federal taxes would have to be abated to the extent called for by provincial authorities.

There is, of course, nothing whatsoever in our constitution to support such a doctrine of provincial priority, and no federal state could survive as a nation under such an arrangement.

So far as personal income tax is concerned, the federal government entered this field in 1917 and has remained in it continuously since that time. Today, the personal income tax is one of the main pillars of the federal revenue system.

My own province of Quebec did not enter the personal income tax field until 1940 with a tax applicable to the year 1939. It was then abandoned at the end of the following year when wartime tax agreements were entered into. Thus for only two years out of the eighty-seven years since confederation has the province of Quebec attempted to exercise its right to levy such a tax.

This Quebec income tax was imposed as a flat percentage of the federal tax currently in force at that time. As such, it carried the same level of exemptions and, accordingly, was payable by the same people as were subject to the federal tax. The Quebec tax was in addition to the federal tax. No taxpayer was allowed to reduce his federal tax by the amount paid under the provincial law. They were two parallel taxes on the same income payable to two governments.

The present Quebec income tax law does not follow this pattern. It levies the tax under a separate rate structure, provides for different exemption limits and deductions and imposes a tax upon some only of the persons liable for federal income tax. On those to whom the Quebec tax does apply, my understanding is that the rates work out at about 15 per cent of the federal rates.

Since 1947 the federal law has contained a provision allowing taxpayers to offset up to 5 per cent of their federal tax through payment of a provincial income tax. Generally speaking, the credit in the federal law in respect of succession duties, corporation income taxes and personal income taxes levied by provinces gives leeway approximating the previous level of use of these taxes by provincial governments prior to the war. It was introduced as a measure to accord some degree of relief to taxpayers taxed at the same time by two governments. It was entirely a unilateral concession which called for no comparable concession of any sort by a province. So far as I am aware, this type of tax concession is unique and is found in no other federal tax system.

For instance, in the United States of America, in addition to the federal income tax some thirty different states levy personal income taxes. These state taxes are at varying levels. In New York state, for example, a married person with no dependents with an income of $5,000 a year pays $45 to the state of New York, and $660 to the federal government. It may be of interest to observe that a taxpayer in Quebec with the same income and marital status will pay a provincial tax of $49 but has the right to a credit of $28.50 against his federal tax, a privilege not enjoyed by his fellow sufferer in the state of New York. In the neighbouring state of Pennsylvania no state personal income tax is imposed. Accordingly, a resident of Pennsylvania pays less income tax than does the resident of New York. The weight of combined federal and state taxes will vary with the different states. Perhaps it is of the essence of state or provincial autonomy that their tax levels may differ. It is this very right to be different that is so jealously guarded. The idea that there is anywhere a recognized principle that in a federal state the combined taxes levied by all governments should be no greater in one part of the country than in another is without foundation.

The principle underlying the suggestion that provincial tax should generally be allowed as an offset against federal tax strikes at the very root of the system of federal-provincial tax agreements which have been developed in this country. It might be useful, therefore, to outline what it has been sought to accomplish by these agreements.

Prior to 1940, seven of the then nine provinces, as well as many municipalities, were levying personal income taxes. Today there are only two personal income taxes in force—the federal and that of the province of Quebec. Prior to 1940, seven of the provinces imposed taxes on the profits of corporations at varying rates. All provinces imposed a complicated series of miscellaneous corporation taxes. Today there are only two corporation income taxes—the federal and Quebec—while Quebec also resorts to a series of other miscellaneous corporation taxes. Previously all the provinces levied succession duties. Today succession duties are imposed by only the federal government, Ontario and Quebec. The heavy costs incidental to the mere collection of taxes from Canadians as a whole have been greatly reduced. In this respect the federal-provincial agreements have been of the greatest benefit to the provinces, to the federal government and to the whole body of Canadian taxpayers.

While the complete removal of double taxation over so wide a field with the benefits of simplification and efficiency is important, it is probable that the most significant and fundamental feature of the agreements is the way in which they have provided financial stability for the less well-off provinces. The house will recall that in the later thirties a number of provincial governments were in dire financial straits, and were facing the necessity of curtailing essential services to an extent which would have imposed great strains on our federal structure. The situation was very serious. The federal-provincial agreements have provided, through the avenue of friendly discussion, a system under which reasonable and stable revenues are currently being provided to those provinces whose fiscal needs call for more revenue than they could be expected to collect by their own methods. These agreements have helped to enable these provinces to maintain minimum national standards of provincial services.

The third main purpose of the agreements has been to enable the federal government, with the co-operation of provincial governments, to carry out fiscal and other national policies which help to maintain high levels of employment and production in Canada.

Summing up the value of this system of federal-provincial agreements, perhaps I might be allowed to quote one paragraph

from a statement which I made to the federal-provincial conference in 1950:

> I have said that some credit is due to everyone seated at this table for the remarkable progress towards a sane tax system which has been made in recent years. The provinces which have been willing to rent to the federal government their important rights in the fields of income and corporation taxes and succession duties have contributed greatly to this desirable result. Under the agreements, literally hundreds of taxes of one sort or another have been suspended and replaced by a relatively few. Meantime, these provinces have received in remuneration rental payments, steadily rising with the increase in national income and provincial population and of a magnitude greater, I believe, than could have been obtained by the direct provincial cultivation of the tax fields in question—at least unless the intensity of cultivation had been pushed to a point which would scarcely have been tolerable under today's conditions. Thus at one stroke a great many old and diverse levies have been suspended while reasonable returns through payments from the federal government have been assured by the agreements. To my mind, this is the essence of effective tax administration.

This Canadian plan of tax rental agreements as a method or device for dealing with the financial problems of the members of the federal state has been developed on a practical basis. Following the rejection of the Rowell-Sirois recommendations, the federal government proposed the wartime tax agreements under which all provinces for the duration of the war, in consideration of certain rental payments, suspended their income and corporation taxes.

After the war the same old problem presented itself again and at the 1945 federal-provincial conference the federal government put forward a comprehensive plan as a substitute for the wartime agreements. This plan was found to be not acceptable to all provinces.

Again the federal government, without the benefit of any workable alternative proposals from the provinces, had to devise some practicable solution to meet the post-war situation. The tax rental agreements were the result and their great virtue is that in achieving important objectives they do not depend upon unanimous acceptance by all provinces.

Prior to the termination of the first series of agreements which had been entered into by seven provinces, a federal-provincial conference was called in 1950 to discuss with all the provinces the prospects for the renewal of the agreements and any suggestions for modification in their terms. Again there were no proposals put forward for any alternative comprehensive method of solving the over-all problem of conflicting tax jurisdictions in Canada.

The various options offered under the present agreements have been developed in a genuine attempt to meet the diverse financial needs of provinces which, unfortunately, are not all equally endowed with natural advantages. Naturally provincial governments will continue to argue that the agreements should provide higher rental payments, but by and large the terms are tolerably acceptable to all.

The province of Quebec alone has decided not to rent its income and corporation tax fields to the federal government. I wish to make it perfectly clear as I have on other occasions that the federal government has not urged the province to enter into such an agreement and has no quarrel with the decision taken by the government of that province to use its own tax fields rather than to rent them to the federal government.

The statute imposing the new personal income tax in Quebec was adopted without any prior consultation with the federal government. I do not suggest, of course, that such consultation was necessary, but the tax was imposed with full knowledge of the extent of the tax credit available under the federal law since 1947, which is limited to 5 per cent of the federal tax.

It is now suggested that the federal government should allow taxpayers in Quebec to reduce the income tax otherwise payable by them to the federal treasury by the full amount they are required to pay to the province. I have given this suggestion the most careful and serious consideration. Clearly, however, the obvious implication of the principle involved in this proposal is that this parliament should recognize that any province has the right to determine the amount by which the people of that province may reduce their national tax liability. I consider that any such principle is completely unacceptable.

If a credit up to 15 per cent of the federal tax were accepted, it would appear to be difficult in principle to later deny full credit for, say, a 30 per cent, a 60 per cent or even a 100 per cent provincial tax. If a province had the suggested constitutional priority in the field of direct taxation, then nothing short of the right to reduce federal tax by 100 per

cent would be the stopping point. This would imply that a provincial government without imposing any additional burden on its own taxpayers could secure to its own treasury the full amount which would otherwise be payable by its people to their national government. This would be the obvious consequence of allowing a province to determine the degree of offset against federal tax to accommodate its own tax. I can here only repeat what I said earlier on this point. There is no justification under our constitution for such doctrine. Its acceptance would not only place the federal treasury in an intolerable position but it would completely destroy any basis for federal-provincial tax rental agreements. While this, of course, might not be a matter of serious concern to the wealthy provinces, it can scarcely be disregarded by others.

I have indicated the efforts made by the federal government since 1945 to find a basis for fiscal co-operation which would be fair to all the provincial governments, would fully respect provincial autonomy, and at the same time enable the government of the nation to discharge its obligations to all the citizens of Canada in all the provinces. The tax rental agreements represent the best solution it has so far been possible to find.

It is obviously impossible to conduct intergovernmental discussions through press conferences and public statements, but if the premier of Quebec wishes to follow up his frequently expressed desire for co-operation and collaboration, and will make concrete proposals to the federal government which respect the rights of both federal and provincial authorities under the constitution, which would be fair to all ten provinces and leave the federal government in a position to discharge its national obligations, he will always find the door open for full and frank discussion in the hope of finding a mutually satisfactory solution.

Finally, perhaps I should say a word about what appears to be the attitude of the Conservative opposition on this subject as evidenced by the resolution recently adopted by the Progressive Conservative association. The resolution is reported in the press as follows:

"The Conservative party advocates the principle that any provincial income tax levied by the government of any province be deductible from income tax payable to the federal government by any taxpayer of such province, provided the amount of such taxation does not exceed the amount that such province would have received from the federal government if such a tax agreement had been negotiated."

This resolution clearly does not support the doctrine of provincial priority in the field of direct taxation asserted in the Quebec statute. Rather it is a general proposition that stems from the tax rental agreements. It appears to propose that any province which does not rent its tax fields should be accommodated indirectly from the federal treasury up to the amount of rent it would have received if it had rented its tax fields. I must confess I find that principle somewhat bewildering, but it would appear to be as effectively destructive of any basis for federal-provincial tax rental agreements as the priority doctrine to which I have alluded. However, if I have misunderstood the purport of the resolution, I am sure hon. gentlemen opposite will clarify the matter during the course of this debate.

TAX CHANGES

May I now place before the house my proposals for tax changes. As I said earlier, there is not much margin for tax reductions, and I have had to consider carefully how I can get the most equity and the best economic results with the resources at my disposal.

Clearly it is not possible to make any general reduction in the income tax rate structure, either for individuals or for corporations. The most I can do in this field is to make a few desirable adjustments. None of them will have any significant effects on revenue.

The incentive legislation for the oil, gas and mining industries will be extended for a further year. In the case of deep-test wells, however, this special concession will in future be restricted to more complicated structures such as occur in the foothills. An amendment will be introduced to re-establish past policy with respect to the tax status of fire and casualty mutual insurance companies. It is proposed to withdraw the provision in the income tax regulations which limits the deductions for capital costs to the amount taken on the taxpayers' books of account. The maximum deduction allowed for contributions to pension funds will be increased from $900 to $1,500 for both employers and employees.

These are the main changes involving questions of principle, though the amending bill will as usual contain a number of technical changes to keep the law up-to-date and as fair as possible.

SUCCESSION DUTIES

Our succession duty law is in need of revision. Within the past few years a great deal

of progress has been made in improving our federal tax laws. It is generally agreed, I think, that an excellent job has been done through rewriting our Income Tax Act. The Excise Tax Act has been streamlined, simplified and made more systematic. Up until now I have not been able to devote enough time to a similar improvement in succession duties. However, I have recently asked officials of the three departments concerned—finance, national revenue and justice—to commence work on rewriting the law.

In the next few months, while the redrafting is proceeding, the views of informed and interested persons, or groups of persons, would be welcomed on any provision in the law which deserves reconsideration. In the meantime no change will be made in the present law.

CUSTOMS TARIFF

The budget resolutions relating to the Customs Tariff which I am tabling touch 74 tariff items. I am proposing changes in wording in about 50 of these items which would remove uncertainties, anomalies, and administrative difficulties which have arisen. The other changes all involve reduction or suspension of duties. No increases in duty are proposed.

The duty is being eliminated on machinery and apparatus, including tubing of a class or kind not made in Canada, for the operation of potash and rock salt mines. A former drawback item is being re-established to provide for a drawback of 99 per cent of the duty paid on fire clay fire brick used by basic producers of iron or steel. Duty free entry is provided for materials and parts used in the construction and repair of railway signal systems. The duties on motor rail cars or units are suspended until July 1, 1956, and on uranium until July 1, 1958.

Some of the principal items on which the tariff has been substantially reduced include automatic controls for certain sterilizing processes, tear gas ammunition for use by law enforcement authorities, and impregnated jute fabric used by nurserymen. Motor vehicles imported as settlers' effects are presently exempt from duty and taxes when valued at not more than $1,500 but duty and taxes apply on any value in excess of that amount. This exemption has been increased to $2,500.

A new tariff item has been established to provide for duty-free entry of personal gifts not exceeding $25 in value sent from members of the Canadian forces serving abroad to relatives or friends in Canada. This item continues the exemption provided for by order in council P.C. 6598 of December 6, 1951. Last year we provided duty-free entry for goods valued at not more than $1,000 imported by members of the Canadian forces after an absence from Canada of not less than a year. I now propose to abolish this $1,000 limit, and to provide statutory authority for the long established practice of extending the same privilege to employees of the Canadian government returning from foreign postings.

While each of these tariff reductions will be of real benefit to the producers or individuals affected, their over-all revenue implications are not significant.

COMMODITY TAXES

I have decided, both for reasons of equity and economic effects, that the bulk of the available tax abatement should be in the commodity tax field. I do not propose any change in the general sales tax rate, but I can recommend some useful changes with regard to the 15 per cent special excise tax. I regret that I am not able to recommend any change in the taxes on automobiles, television sets, radios, phonographs and cigars. The revenue from this group is quite substantial and is more than I can forgo at this time; and consumer demand for these products has been well maintained. Furthermore, in respect of radios and television sets, last year parliament withdrew the radio receiving licence fee, and directed that in its place the 15 per cent excise on sets should be assigned as revenue to the Canadian Broadcasting Corporation. I think it would be inappropriate to recommend any change in this tax for the time being.

I can, however, recommend a reduction from 15 per cent to 10 per cent on such items as soft drinks, candy, cosmetics, tires and tubes, motor cycles, smokers' accessories, matches, coin operated amusement devices, fountain pens, clocks, watches and jewelry.

I can also recommend that the 15 per cent special excise tax be removed completely from furs; electrical household appliances such as vacuum cleaners, floor polishers, irons and ironers, coffee makers, toasters and food

mixers; firearms, golf clubs, fishing equipment; cameras and films; merchandise vending machines; and luggage.

The revenue loss involved in rate reduction from 15 per cent to 10 per cent for the one group, and in the complete exemption of the other, will amount to approximately $33 million.

While the sales tax rate will remain unchanged, I am recommending the addition of certain items to the schedule of exemptions. It is proposed to include in the exempt list certain classes of road machinery and fire fighting equipment when purchased for their own use by municipalities. Wall panels will be added to the list of exempt building materials. Miscellaneous items include the small sizes of drain tile, sheet music and hearing aids. Total revenue loss under all these sales tax changes will be about $3 million.

Taxes in the field of liquor and tobacco products will continue at their present levels. A technical change will be made in the method of taxing beer. The present tax on malt used in making beer will be replaced by a gallonage tax. The purpose of the change is to introduce a more modern method of taxation without affecting substantially the general level of taxation in the industry.

All customs and commodity tax changes will be effective tomorrow, April 7. My colleague the Minister of National Revenue (Mr. McCann) has asked me to give notice that in accordance with standard practice no claims for refunds arising out of tax reductions in respect of goods on which tax has been paid will be entertained.

CONCLUSION

I can now summarize my revenue and expenditure estimates for the coming year. The reductions in taxation which I have announced will mean a loss of revenue of about $36 million, and that reduces my revenue figures from $4,500 million to $4,464 million. Since I have estimated my expenditures at $4,460 million, I am budgeting for a surplus in the nominal amount of $4 million. If I may have unanimous consent, I shall insert here in *Hansard* the usual table showing the details.

Mr. Speaker: Is it agreed?

Some hon. Members: Agreed.

Mr. Abbott:

Table II

Revenues After Tax Changes

(in millions of dollars)

	1954-55
Personal income tax	$1,235
Non-resident income tax	55
Corporation income tax	1,200
Succession duties	40
Customs import duties	415
Sales tax	607
Other excise duties and taxes	507
Miscellaneous taxes	15
Total tax revenues	4,074
Non-tax revenues	340
Special receipts and credits	50
Total revenues	4,464
Old Age Security Taxes	
2 per cent sales tax	152
2 per cent personal income tax	97
2 per cent corporation income tax	56
Total	305

I have reminded hon. members almost every year that in dealing with figures of these magnitudes slight changes in revenue can create big changes in the residual surplus. Each one per cent change in revenue means $45 million. A two or three per cent change means a difference of $100 to $125 million.

As I explained earlier, my revenue figures are based on reasonably optimistic assumptions. I have said frankly that their realization depends upon an early resumption of our normal rate of expansion, which in turn depends very heavily on the external influences affecting our economy. If these conditions do not materialize, there could be a moderate deficit of two or three per cent.

That, Mr. Speaker, concludes my presentation of the contents of my budget. We have completed a year which has broken all our past records of economic achievements in production, in investment, in housing and in standards of living. The past six months have seen some mixed trends; some sectors are expanding as rapidly as ever, some have levelled off and a few have actually declined; but I am confident that unless external factors work against us, we shall soon be moving into a new and healthy period of expansion.

Internationally the political situation remains clouded and uneasy, but I believe the prospects for fundamental economic improvement are brighter than at any time since 1947. I am hopeful that the year ahead of us will see new and important constructive moves in the direction of improved international trade and payments arrangements,

which will enlarge our established markets and open doors to new markets. These markets and ours will be competitive, and will constitute a challenge to management and labour, to farmers and merchants. The outside world is under no obligation to maintain the Canadian standard of living. That is something we have to do for ourselves. Our costs and our prices will have to be kept in line by continuous improvement in efficiency. I need hardly add that high standards of living and low costs of production cannot be permanently divorced; indeed, the whole economic history of the last hundred years shows that they go together. I am confident that we in Canada can achieve and retain both.

INCOME TAX ACT

Resolved, that it is expedient to introduce a measure to amend the Income Tax Act and to provide, amongst other things:

1. That the exemption of income from metalliferous or industrial mineral mines for the first three years of production be extended to mines coming into production during the calendar year 1957.

2. That the special deduction from income allowed to taxpayers whose principal business is production, refining or marketing of petroleum, petroleum products or natural gas or exploring or drilling for petroleum or natural gas, for expenses of exploring or drilling for oil or natural gas in Canada, be allowed for expenses incurred in the calendar year 1957, and that in addition a similar deduction be allowed to corporations whose principal business is mining or exploring for minerals, for expenses of exploring or drilling for oil or natural gas in Canada incurred in the calendar year 1957.

3. That the special deduction from income allowed to corporations whose principal business is mining or exploring for minerals, for expenses incurred in searching for minerals in Canada be allowed for expenses incurred in the calendar year 1957; and that in addition a similar deduction be allowed to taxpayers whose principal business is production, refining or marketing of petroleum, petroleum products or natural gas or exploring or drilling for petroleum or natural gas, for expenses of searching for minerals in Canada incurred in the calendar year 1957.

4. That the special deduction from income and taxes allowed to taxpayers whose principal business is production, refining or marketing of petroleum or drilling for petroleum and to taxpayers whose principal business is mining or exploring for minerals, for expenses incurred in respect of deep-test oil wells be allowed for expenses incurred in respect of deep-test oil wells spudded in during 1955.

5. That for the 1954 and subsequent taxation years the deduction allowed to an employer or employee in respect of amounts paid or contributed to or under an approved superannuation fund or plan shall be increased from $900 to $1,500.

6. For the taxation of a resident mutual insurance corporation, other than a life insurance corporation, as though the surplus arising from its insurance activities on and after January 1, 1954 were a profit from a business, and declaring that a non-resident mutual insurance corporation, other than a life insurance corporation, shall be deemed to be and always to have been subject to taxation on that basis.

EXCISE TAX ACT

Resolved, that it is expedient to introduce a measure to amend the Excise Tax Act and to provide, among other things:

1. That the excise tax on the following goods be repealed:

(a) furs;

(b) electrical appliances adapted to household or apartment use, namely: blankets; chafing dishes; coffee makers; curling irons or tongs; dish washers; food or drink mixers; food choppers and grinders; floor waxers and polishers; garbage disposal units; hair dryers; irons and ironers; juice extractors; kettles; portable humidifiers; razors and shavers; toasters of all kinds; vacuum cleaners and attachments therefor; waffle irons;

(c) firearms and complete parts thereof and ammunition;

(d) golf clubs and golf balls;

(e) fishing rods and fishing reels;

(f) cameras, camera lenses and unexposed photographic films and plates; projectors for pictures;

(g) trunks; suitcases; bags and luggage of all kinds; purses; wallets; billfolds; key and card cases; handbags; jewel cases; dressing and toilet cases; shopping bags; golf and other sports bags;

(h) coin, disc or token operated vending machines.

2. That the excise tax on the following goods be reduced from fifteen per cent to ten per cent:

(a) articles, materials or preparations of whatever composition or in whatever form,

commonly or commercially known as toilet articles, preparations or cosmetics, which are intended for use or application for toilet purposes, or for use in connection with the care of the human body, including the hair, nails, eyes, teeth, or any other part or parts thereof, whether for cleansing, deodorizing, beautifying, preserving or restoring, and including shaving soaps and shaving creams, antiseptics, bleaches, depilatories, perfumes, scents and similar preparations;

(b) motor cycles and all other two- or three-wheeled motor driven vehicles including motors for attachment to bicycles;

(c) devices, commonly or commercially known as lighters;

(d) coin, disc or token operated games or amusement devices of all kinds;

(e) ash trays; tobacco pipes; cigar and cigarette holders; cigarette rolling devices and other smokers' accessories;

(f) fountain pens; ball-point pens; ink pencils; propelling pencils; desk sets and all other desk accessories;

(g) matches;

(h) tires and tubes in whole or in part of rubber for self-propelled machines or automotive vehicles of all kinds;

(i) clocks and watches;

(j) articles of all kinds made in whole or in part of ivory, jet, amber, coral, mother of pearl, natural shells, tortoise shell, jade, onyx, lapis lazuli, or other semi-precious stones;

(k) articles commonly or commercially known as jewelry, whether real or imitation, including diamonds and other precious or semi-precious stones for personal use or for adornment of the person; goldsmiths' and silversmiths' products; pewter ware;

(l) articles of cut glassware, crystal glassware, cut or not, etched glassware, or metal decorated glassware;

(m) articles of china, porcelain, earthenware, marble, stoneware, or other pottery ware;

(n) carbonated beverages, aerated waters, unfermented fruit juice beverages and imitations thereof and all other compounded or mixed soft drinks and all mixtures or products advertised or sold for making soft drink beverages or imitations thereof, whether sold in liquid, concentrated or in dry form;

(o) candy, chocolate, chewing gum and confectionery that may be classed as candy or a substitute for candy.

3. That the excise tax on carbonic acid gas and similar preparations be reduced from twenty-five cents per pound to fifteen cents per pound.

4. That the sales tax on the following goods be repealed:

(a) oil and gas burners and stokers for use with furnaces for the heating of buildings;

(b) coal crushers and stokers for use directly in the manufacture or production of goods;

(c) equipment sold to or imported by municipalities for their own use and not for resale, at a price in excess of one thousand dollars per unit, specially designed for use directly for road making, road cleaning or fire fighting, but not to include automobiles nor ordinary motor trucks;

(d) wall panels for use in buildings and materials for use in the manufacture of such panels;

(e) drain tile not exceeding four inches in inside diameter and twelve inches in length;

(f) sheet music and materials used in its manufacture;

(g) hearing aids and parts therefor including batteries specifically designed for use with such hearing aids.

5. That provision be made to require the payment of sales and excise taxes on all products packaged and sold as lighter fluid.

6. That provision be made to require the payment of sales and excise taxes on the packaging used to contain goods subject to these taxes and on any other articles packaged with them whether the goods are imported, or are manufactured or produced in Canada.

7. That provision be made to ensure that machines and tools for operation by tractors are not included as accessories therefor in the prevailing exemption from sales tax.

8. That any enactment founded upon this resolution be deemed to have come into force on the seventh day of April, nineteen hundred and fifty-four.

EXCISE ACT

Resolved, that it is expedient to introduce a measure to amend the Excise Act and to provide, among other things:—

1. That the excise duty on malt be repealed and an excise duty of thirty-eight cents a gallon be imposed upon all beer or malt liquor subject to an allowance for wastage.

2. That any enactment founded upon this resolution be deemed to have come into force on the seventh day of April, nineteen hundred and fifty-four.

The Budget—Resolutions

CUSTOMS TARIFF

1. Resolved, that schedule A to the Customs Tariff be amended by deleting therefrom the following enumeration of goods and rate of additional duty of customs:

"Ale, beer, porter and stout, 40 cents per gallon"; and by substituting therefor the following enumeration of goods and rate of additional duty of customs:

"Ale, beer, porter and stout, 38 cents per gallon."

2. Resolved, that schedule A to the Customs Tariff be further amended by striking thereout tariff items 187, 189, 263b, 290, 343, 345a, 352a, 353(a), (b), (c), (d), (e), (f), (g), (h) and (i), 402, 409c(1), 409e(1), 409f, 409m(1), 410f(1), 410o(i), 418, 426, 431h, 437, 440i, 442, 443b, 443d(1) and (2), 445r, 446k, 451, 453a, 476a, 480a, 499a, 535e, 561, 569d, 618b(1) and (2), 660a, 696(1), 696a, 703(c), 704, 705a and 848(2), the several enumerations of goods respectively, and the several rates of duties of customs, if any, set opposite each of the said items, and by inserting the following items, enumerations and rates of duty in said schedule A:

SCHEDULE "A"

Tariff Item	—	British Preferential Tariff	Most-Favoured-Nation Tariff	General Tariff	Rates in Effect Prior to Rates Proposed in this Budget		
					British Preferential Tariff	Most-Favoured-Nation Tariff	General Tariff
12b	*Sausage casings, synthetic, of paper*	10 p.c.	15 p.c.	35 p.c.	17½ p.c.	25 p.c.	35 p.c.
187	Albumenized and other papers, *textile fabrics* and films, n.o.p.; *all the foregoing* chemically prepared for photographers' use	Free	20 p.c.	30 p.c.	Free	20 p.c. (Prior to November 19, 1952.)	30 p.c.
189	Paper tubes and paper cones of all sizes, *with or without metal or plastic ends*, adapted for winding yarns thereon	Free	Free	Free	Free 10 p.c. 15 p.c.	Free 22½ p.c. 20 p.c.	Free 35 p.c. 30 p.c.
206a	(4) *Materials and articles for the manufacture of the goods specified in tariff items 206a (1), (2), and (3)*	Free	Free	Free	Various	Various	Various
237a	*Uranium in the form of pigs, ingots, billets or bars* *On and after July 1, 1958*	Free Free	Free 15 p.c.	25 p.c. 25 p.c.	Free	15 p.c.	25 p.c.
263b	Diethyl ketone, methyl normal propyl ketone *and blends thereof;* methyl ethyl ketone, furfural and methyl isobutyl ketone; all the foregoing for use only in the refining of oils	Free	Free	25 p.c.	Free 15 p.c.	Free 20 p.c.	25 p.c. 25 p.c.
290	Cement, Portland, and hydraulic or water lime, *in bulk or* in barrels, bags, or casks, the weight of the package to be included in the weight for duty per one hundred pounds	5 cts.	8 cts.	8 cts.	5 cts. 15 p.c.	8 cts. 20 p.c.	8 cts. 25 p.c.
343	Tin, in blocks, pigs, bars, *or granular form*	Free	5 p.c.	5 p.c.	Free	5 p.c.	5 p.c.
345a	Zinc spelter and zinc in blocks, pigs, bars, rods, *or granular form;* zinc plates, n.o.p. per pound	¾ ct.	1 ct.	1 ct.	¾ ct.	1 ct.	1 ct.

Tariff Item	—	British Preferential Tariff	Most-Favoured-Nation Tariff	General Tariff	Rates in Effect Prior to Rates Proposed in this Budget		
					British Preferential Tariff	Most-Favoured-Nation Tariff	General Tariff
352a	(1) Bells, when imported for use of churches only...	Free	Free	Free	Free	Free	Free
	(2) Bells, electronically operated or not, including amplifiers, drivers, reproducers, transformers, keyboards, automatic control coders, pealing devices (strikes), perforated roll players *and perforated rolls for such players*, all specially designed for use with such bells, but not to include separate record players, control cabinets containing record playing devices nor microphones; parts thereof; the foregoing when for use in churches only.....	Free	Free	Free	Free 17½ p.c.	Free 25 p.c.	Free 35 p.c.
353	Aluminum and alloys thereof:						
	(a) Pigs, ingots, blocks, notch bars, slabs, billets, blooms, and wire bars.....per pound	Free	2 cts.	5 cts.	Free	2 cts.	5 cts.
	(b) Bars, rods, plates, sheets, strips, circles, squares, discs and rectangles.....per pound	Free	3 cts.	7½ cts.	Free	3 cts.	7½ cts.
	(c) Angles, channels, beams, tees and other rolled, drawn or extruded sections and shapes.....	Free	22½ p.c.	30 p.c.	Free	22½ p.c.	30 p.c.
	(d) Wire and cable, twisted or stranded or not, and whether reinforced with steel or not.....	Free	22½ p.c.	30 p.c.	Free	22½ p.c.	30 p.c.
	(e) Pipes and tubes.....	Free	22½ p.c.	30 p.c.	Free	22½ p.c.	30 p.c.
	(f) Leaf, n.o.p., or foil, less than ·005 inch in thickness, plain or embossed, with or without backing.	Free	30 p.c.	30 p.c.	Free	30 p.c.	30 p.c.
	(g) Aluminum powder.....	Free	30 p.c.	30 p.c.	Free	30 p.c.	30 p.c.
	(h) Aluminum leaf, less than ·005 millimetre in thickness.....	Free	Free	Free	Free	Free	Free
	(i) Aluminum scrap..... Nothing shall be deemed to be aluminum scrap except waste or refuse aluminum, fit only to be remelted.	Free	Free	Free	Free	Free	Free

402	Woven or welded wire fencing, of iron or steel, *coated or not*, from wire not more than ·144 inch and not less than ·080 inch in diamater, with tolerance not to exceed ·004 inch; wire fencing, of iron or steel, coated or not, n.o.p.	Free	12½ p.c.	15 p.c.	Free 12½ p.c.	12½ p.c. 20 p.c.	15 p.c. 35 p.c.
409c	(1) Ploughs and parts thereof	Free	Free	Free	Free	Free	Free
409e	(1) Spraying and dusting machines and attachments therefor, including hand sprayers; apparatus for the destruction of predatory animals by the discharge of poisonous cartridges *and poisonous cartridges for such apparatus*; starter cartridges for diesel engines; apparatus specially designed for sterilizing bulbs; pressure testing apparatus for determining maturity of fruit; pruning hooks; pruning shears; dehorning instruments; parts of the foregoing	Free	Free	Free	Free	Free	Free
409f	Grain crushers; grain or hay grinders; grain or hay dryers; milk coolers; steel stanchions for confining livestock either in pens or individually, including complete equipment for milking parlors; automatic stock watering bowls; barn litter carriers and track; sprinkler irrigation systems; barn hay forks, carriage, pulleys and track; hydraulic hoists for unloading vehicles; *hitches and couplings; plough bolts;* all the foregoing for use on the farm for farm purposes only; hay loaders; hay tedders; potato planters; potato diggers; fodder or feed cutters; ensilage cutters; post hole diggers; snaths; stumping machines; grain loaders or elevators with a capacity not exceeding 40 bushels per minute and all other agricultural implements or agricultural machinery, n.o.p.; parts of all the foregoing	Free	Free	Free	Free 10 p.c.	Free 22½ p.c.	Free 25 p.c.
409m	(1) Internal combustion tractors other than highway truck-tractors; accessories for such tractors *(not to include machines and tools for operation by tractors)*; parts of all the foregoing	Free	Free	Free	Free	Free	Free
410f	(1) Machinery and appliances of iron or steel, of a class or kind not made in Canada, and elevators, and machinery of floating dredges, for use exclusively in alluvial gold mining; *parts of all the foregoing*	Free	Free	Free	Free Various	Free Various	Free Various

Tariff Item	—	British Preferential Tariff	Most-Favoured-Nation Tariff	General Tariff	Rates in Effect Prior to Rates Proposed in this Budget		
					British Preferential Tariff	Most-Favoured-Nation Tariff	General Tariff
410o	(i) Coal heading machines, electric or magnetic machines for concentrating or separating iron ores, automatic scales for use with conveyors, and parts of all the foregoing, for use exclusively in mining or metallurgical operations	Free	Free	Free	Free	Free	Free
418	Machinery and *apparatus and* parts thereof, imported by manufacturers for use exclusively in the manufacture of fish meal, *liquid fish and fish solubles*, stock and poultry food and fertilizers from fish and waste thereof, in their own factories	Free	15 p.c.	20 p.c.	Free Various	15 p.c. Various	20 p.c. Various
418a	*Devices for the automatic control of the composition of sterilizing and cleaning solutions used for sterilizing and cleaning purposes in food and beverage industries and in hospitals; parts of the foregoing*	5 p.c.	12½ p.c.	30 p.c.	15 p.c.	22½ p.c.	30 p.c.
426	Ozone generators or *ozone* airifiers and parts thereof, of a class or kind not made in Canada	Free	5 p.c.	10 p.c.	Free	5 p.c.	10 p.c.
427k	(1) *Machinery, of a class or kind made in Canada, for working metal by turning, milling, grinding, drilling or boring, planing or shaping, and shearing or pressing, and accessories and attachments therefor; parts of the foregoing*	10 p.c.	22½ p.c.	35 p.c.	10 p.c. Various	22½ p.c. Various	35 p.c. Various
	(2) *Machinery, of a class or kind not made in Canada, for working metal by turning, milling, grinding, drilling or boring, planing or shaping, and shearing or pressing, and accessories and attachments therefor; parts of the foregoing*	Free	7½ p.c.	35 p.c.	Free Various	7½ p.c. Various	35 p.c. Various
428i	Governors and parts thereof for use in the manufacture of diesel locomotives	Free	7½ p.c.	30 p.c.	Free	7½ p.c.	30 p.c.

431h	Geophysical surveying precision instruments and equipment for use exclusively in prospecting for, or in the exploration and development of, petroleum, natural gas, water wells and minerals, or for geophysical studies for engineering projects, including the following: magnetometers; gravity meters and other instruments designed to measure the elements, variations and distortions of the natural gravitational force; field potentiometers, meggers, non-polarizing electrodes, and electrical equipment for making measurements in drill holes; instruments and equipment for seismic prospecting; geiger muller counters and other instruments for radioactive methods of geophysical prospecting; electrical and electronic amplifying devices and electrical thermostats designed to be used with any of the foregoing; *sodium iodide crystals, thallium activated, in rough cut blanks, when imported to be manufactured into parts for use in instruments for prospecting*; all the foregoing of a class or kind not made in Canada, and repair parts, tripods and fitted carrying cases for any of the foregoing.....	Free	Free	30 p.c.	Free 15 p.c.	Free 20 p.c.	30 p.c. 25 p.c.
437	Locomotives, cars and coaches and repair equipment, belonging to railroads, brought temporarily into Canada for clearing obstructions, fighting fires, or making emergency repairs on railway lines within Canada; detector cars and *rail flaw detector apparatus* when imported to test rail in tracks in Canada..	Free	Free	Free	..... 15 p.c.	Free 22½ p.c.	Free 30 p.c.
437a	(1) *Materials, including all parts, of a class or kind not made in Canada, used in the construction or repair of railway signal systems*.....	Free	Free	30 p.c.	15 p.c. Various	22½ p.c. Various	30 p.c. Various
	(2) *Copper oxide, zinc, alkaline electrolyte, primary (wet.) cell batteries, of a class or kind not made in Canada, for railway signal systems, parts of the foregoing*.....	Free	Free	27½ p.c.	15 p.c. Various	22½ p.c. Various	27½ p.c. Various
	(3) *Insulated rail joints and connections for use therewith, used in the construction or repair of railway signal systems; parts of the foregoing*.....	Free	Free	25 p.c.	$5.00 per ton Various	$7.00 per ton Various	$8.00 per ton Various
437b	*Motor rail cars or units and chassis for same, of a class or kind not made in Canada, for use on railways for the carriage of passenger, baggage, mail or express traffic; engines and transmissions for such motor rail cars or units; parts of the foregoing*.....	Free	Free	25 p.c.	Free	20 p.c.	35 p.c.
	On and after July 1, 1956	Free	20 p.c.	35 p.c.			

Tariff Item	—	British Preferential Tariff	Most-Favoured-Nation Tariff	General Tariff	Rates in Effect Prior to Rates Proposed in this Budget		
					British Preferential Tariff	Most-Favoured-Nation Tariff	General Tariff
440i	The following articles and materials when imported for use only in the manufacture, maintenance or repair of buoys and beacons for the Government of Canada, viz.: flanged and dished steel boiler plate heads over five feet in diameter; lanterns and electric flashing lights; *fog horn and other warning equipment; marine radio beacon timing equipment; actuating equipment, including low discharge storage batteries and motors; parts of all the foregoing*.....	Free	Free	Free	Free 15 p.c. Various	Free 22½ p.c. Various	Free 30 p.c. Various
441g	*Grenades, cartridges and projectiles containing tear gas or sickening gas, imported for sale to federal, provincial or municipal law enforcement authorities*.....	Free	7½ p.c.	30 p.c.	10 p.c.	22½ p.c.	30 p.c.
442	Articles and materials which enter into the cost of manufacture of the goods enumerated in tariff items 409, 409a, 409b, 409c, 409d, 409e, 409f, 409g, 409h, 409i, 409j, 409k, 409l, 409m, 409n, 409o, 409q, 427b(1), 439c and *618b(1)*, when imported for use in the manufacture of the goods enumerated in the aforesaid tariff items, or in the manufacture of parts therefor, under such regulations as the Minister may prescribe.....	Free	Free	Free	Free Various	Free Various	Free Various
443b	Oven thermostats, automatic oven lighters and dual valves, for use in the manufacture of apparatus designed for cooking with gas.....	Free	10 p.c.	30 p.c.	Free	10 p.c.	30 p.c.
443d	Gas control devices for use on cooking apparatus, or on apparatus for heating buildings, *or on apparatus for heating water, or on apparatus for refrigeration*, or in the gas line between such apparatus and the meter, *or in the gas line between such apparatus and the consumer's gas storage device;* gas control devices for the manufacture or repair of, or for conversion to, gas-fired apparatus for cooking, or for heating buildings, *or for heating water, or for refrigeration;* parts of all the foregoing:						
	1. When of a class or kind not made in Canada....	Free	5 p.c.	30 p.c.	Free	7½ p.c.	30 p.c.
	2. When of a class or kind made in Canada.....	Free	10 p.c.	30 p.c.	Free Various	10 p.c. Various	30 p.c. Various

445r	Apparatus for the receiving and transmitting of photographs, *weather maps and charts*, by wire; *parts of the foregoing*	Free	Free	30 p.c.	Free 15 p.c.	Free 22½ p.c.	30 p.c. 30 p.c.
446k	Tools, *wholly or in part* of iron or steel, n.o.p., of a class or kind not made in Canada, for use in machines	Free	7½ p.c.	35 p.c.	Free 10 p.c.	10 p.c. 22½ p.c.	35 p.c. 35 p.c.
451	Buckles, clasps, eyelets, hooks and eyes, dome, snap or other fasteners of iron, steel, brass or other metal, coated or not, n.o.p. (not being jewellery); *parts of all the foregoing*	15 p.c.	22½ p.c.	30 p.c.	15 p.c. 15 p.c. Various	22½ p.c. 22½ p.c. Various	30 p.c. 45 p.c. Various
453a	Metal parts, n.o.p., in any degree of manufacture but not coated, plated nor covered in any manner, for use in the manufacture of spectacle cases and jewellery boxes; *hinges of any material, finished or not, for use in the manufacture of spectacle cases and jewellery boxes*	Free	12½ p.c.	35 p.c.	Free	12½ p.c.	35 p.c.
476a	Glassware and other scientific apparatus for laboratory work in public hospitals; chairs and tables for surgical operating purposes and parts thereof; infant incubators and parts thereof; *infant and patient identification tapes and ribbons of any material;* infant identification bead sets including cases, and parts thereof; electrocardiographs and parts thereof, and sensitized film and paper for use therein; electroencephalographic paper; apparatus for sterilizing purposes, including bedpan washers and sterilizers but not including washing nor laundry machines; all for the use of any public hospital, under such regulations as the Minister may prescribe	Free	Free	Free	Free 15 p.c.	Free 20 p.c.	Free 30 p.c.
480a	Invalid chairs, with wheels; *invalid chairs, designed to be used with wheels;* parts of the foregoing including motive power *and wheel assemblies* and parts thereof	Free	10 p.c.	15 p.c.	Free 15 p.c.	10 p.c. 25 p.c.	15 p.c. 45 p.c.
499a	Nut shells; nut shell flour, wood flour, bark flour, and mixtures thereof; *corn cob granules or flour*	Free	Free	20 p.c.	Free 15 p.c.	Free 20 p.c.	20 p.c. 25 p.c.
535e	Vegetable fibres, *horse hair, and mixtures of vegetable fibres and horse hair*, for use exclusively in the manufacture of brooms and brushes	Free	Free	7½ p.c.	Free Free Free 15 p.c.	5 p.c. Free 10 p.c. 20 p.c.	7½ p.c. Free 17½ p.c. 25 p.c.

Tariff Item	—	British Preferential Tariff	Most-Favoured-Nation Tariff	General Tariff	Rates in Effect Prior to Rates Proposed in this Budget		
					British Preferential Tariff	Most-Favoured-Nation Tariff	General Tariff
546a	*Woven jute fabric, impregnated, imported in lengths not more than three feet each*	Free	5 p.c.	15 p.c.	12½ p.c.	22½ p.c.	30 p.c.
561	Woven fabrics wholly or in part of synthetic textile fibres or filaments, not containing wool, not including fabrics in chief part by weight of silk, n.o.p.	27½ p.c.	40 p.c.	45 p.c.	27½ p.c.	40 p.c.	45 p.c.
	and, per pound	.....	40 cts.	40 cts.	.....	40 cts.	40 cts.
	Woven fabrics containing five per cent or less, by weight, of synthetic textile *fibres* or filaments are not dutiable under this item, but are dutiable as though such fabrics were composed only of the remaining constituents.						
569d	(1) Woven fabrics, not exceeding three inches in width, made with unserrated selvages, generally known as single, double or four shot corded ribbon, imported by the manufacturers of men's hats for use exclusively in their own factories in making the bands for, or in binding the edges of, men's hats only	Free	Free	Free	Free	Free	Free
					22½ p.c.	25 p.c.	35 p.c.
	(2) Woven fabrics, pleated or folded, sewn or not, in widths not exceeding three inches after pleating or folding, imported by manufacturers of men's hats for use in their own factories in making bands for men's hats only	Free	Free	Free	Free	Free	Free
579	*Buffing and polishing wheels or discs:* (1) *The component of chief value being cotton*	25 p.c.	25 p.c.	35 p.c.	25 p.c.	25 p.c.	35 p.c.
	and, per pound	.....	.....	4 cts.	.....	.....	4 cts.
	(2) *The component of chief value being wool*	10 p.c.	12½ p.c.	35 p.c.	25 p.c.	27½ p.c.	40 p.c. and 35 cts. per lb.
618b	Tires and tubes, wholly or in part of rubber: (1) For *equipment* of the agricultural implements and agricultural machinery specified in tariff items 409b, 409c, 409d, 409e, 409f, 409h, 409j, 409l, and the tractors provided for in tariff item 409m.	Free	Free	Free	Free	Free	Free
	(2) N.o.p.	20 p.c.	22½ p.c.	35 p.c.	20 p.c.	22½ p.c.	35 p.c.

660a	*Synthetic resin* or cellulose plastic sheets *or plates, coated or not,* with *or without* turned edges, for the production of engravings for use by printers.....	Free	7½ p.c.	30 p.c.	Free 15 p.c.	7½ p.c. 20 p.c.	30 p.c. 30 p.c.
696	(1) Philosophical and scientific apparatus (and ancillary equipment thereto), utensils, instruments, and preparations, including boxes and bottles containing the same; maps, charts, photographic reproductions and other pictorial illustrations, casts as models, animals as research or experimental subjects; living plants, seeds, cuttings, buds, scions, tubers, bulbs and root-stock; mechanical equipment of a class or kind not made in Canada; parts of the foregoing. All articles in this item, when for the use and by order of any society or institution incorporated or established solely for religious, philosophical, educational, scientific or literary purposes, or for the encouragement of the fine arts, or for the use and by order of any public hospital, college, academy, school, or seminary of learning in Canada, and not for sale *or for rental,* under such regulations as the Minister may prescribe.....	Free	Free	Free	Free	Free	Free
696a	Moving picture films, sound or silent, separate sound film track, slides and slide films, positive or negative; sound discs, records and transcriptions; models, static and moving; wall charts, maps and posters; *when certified by a recognized representative authority of the Government of Canada* or when certified by the Government or by a recognized representative authority of the Government of the country of production or by an appropriate representative of the United Nations Educational, Scientific and Cultural Organization as being of an international educational, scientific or cultural character, subject to such regulations as the Minister may prescribe..	Free	Free	Free	Free	Free	Free
703	*(c)* Goods (not including alcoholic beverages, cigars, cigarettes or manufactured tobacco) imported by *employees of the Canadian Government or* by members of the Canadian Armed Forces after an absence from Canada of not less than one year and acquired by them for personal or household use and actually owned abroad by them for at least six months before their return to Canada, under such regulations as the Minister may prescribe..... Any such goods that are sold or otherwise disposed of within twelve months after importation are subject to the duties and taxes otherwise prescribed.	Free	Free	Free	Free	Free	Free

Tariff Item	—	British Preferential Tariff	Most-Favoured-Nation Tariff	General Tariff	Rates in Effect Prior to Rates Proposed in this Budget		
					British Preferential Tariff	Most-Favoured-Nation Tariff	General Tariff
704	*(a)* Apparel, wearing and other personal and household effects not merchandise, of British subjects dying abroad, but domiciled in Canada; books, pictures, family plate or furniture, personal effects and heirlooms left by bequest to any resident of Canada, or acquired by any resident of Canada, as a result of the death of any person resident abroad, or as a gift in anticipation of the death of any such person; all such goods or articles when given as a free gift by anyone resident abroad to a resident of Canada; the Minister to be the sole judge as to whether any goods or any article imported is to be classified as entitled to the benefit of this item or not.....	Free	Free	Free	Free	Free	Free
	(b) Personal gifts, not exceeding twenty-five dollars in value and not including cigarettes, tobacco and alcoholic beverages, from members of the Canadian Forces serving abroad, to relatives or friends in Canada.....	Free	Free	Free	Free Various	Free Various	Free Various
705a	Settlers' effects, viz.: Machines and implements for agricultural purposes, moved by mechanical power, and motor vehicles valued at not more than *twenty-five hundred dollars*, and boats for fishing purposes, if actually owned abroad by the settler for at least six months before his removal to Canada, and subject to regulations prescribed by the Minister of National Revenue.....	Free	Free	Free	Free Free	Free 17½ p.c.	Free 27½ p.c.
	In respect to motor vehicles valued in excess of *twenty-five hundred dollars* duty shall be payable only on the amount in excess of *twenty-five hundred dollars*.						
	The said machines, vehicles, implements and boats may not be so entered unless brought by the settler on his first arrival, and shall not be sold or otherwise disposed of without payment of duty until after twelve months' actual use in Canada.						

708b	*Arms, military stores and munitions of war imported by the Government of Canada in replacement of or in anticipation or actual exchange for similar goods loaned to or exchanged or to be exchanged with the governments of a British Commonwealth country or a foreign country designated by the Governor in Council under tariff item 708, under such regulations as the Minister may prescribe*.....	Free	Free	Free	Various	Various	Various
848	(2) *Machinery and apparatus and parts thereof (including motive power) and drilling mud, for use in the exploration, discovery, development and operation of potash and rock salt mines and for use in the production of muriate of potash and in the production of crushed and screened rock salt*.....	Free	Free	Free	10 p.c. Free Various	22½ p.c. 7½ p.c. Various	35 p.c. 35 p.c. Various
	(3) *Seamless, lapwelded and electric welded iron or steel casing, tubing and drill pipe, of a class or kind not made in Canada, used in connection with the exploration, discovery, development and operation of potash and rock salt mines and for use in the production of muriate of potash and in the production of crushed and screened rock salt*.....	Free	Free	Free	15 p.c. 10 p.c. Various	22½ p.c. 15 p.c. Various	30 p.c. 20 p.c. Various
	(4) Materials for use in the manufacture of the goods enumerated in tariff items 848 (1), *(2) and (3)*.....	Free	Free	Free	Free Various	Free Various	Free Various

3. Resolved, that Schedule B to the Customs Tariff be amended by striking thereout tariff items 1004, 1008, 1010, 1013, 1019, 1021, 1022, 1024, 1032, 1033, 1037, 1038, 1039, 1048, 1049, 1052, 1061, 1066 and 1068, the enumerations of goods and the rates of drawback of customs duties set opposite to the said items, and by inserting the following items, enumerations and rates of drawback of customs duties in said Schedule B:

Item No.	Goods	When Subject to Drawback	Portion of Duty (not including Special Duty or Dumping Duty) Payable as Drawback
1044	*Fire clay fire brick*.....	When used by basic producers of iron or steel in the construction or repair of blast furnaces, open hearth furnaces (including checker chambers), electric furnaces, blast furnace stoves, soaking pit furnaces and rolling mill furnaces or in the construction or repair of ladles used with any of the foregoing furnaces.....	99 p.c.
1052	Machinery and *precision instruments and apparatus for heat treating, welding, sorting, testing, inspecting or correcting; control panels for use with the aforementioned machinery and precision instruments and apparatus;* all the foregoing, either new or used, of a class or kind not made in Canada and all parts thereof, not including consumable tools.	When for use in the plants of manufacturers of automobiles and motor vehicles or of automobile or motor vehicle parts for the manufacture of automobiles and motor vehicles or of automobile or motor vehicle parts.....	99 p.c.

4. Resolved, that any enactment founded upon the foregoing resolutions shall be deemed to have come into force on the seventh day of April, one thousand nine hundred and fifty-four, and to have applied to all goods mentioned in the foregoing resolutions imported or taken out of warehouse for consumption on and after that date, and to have applied to goods previously imported for which no entry for consumption was made before that date.

(*See also Budget Papers, pages 3755 to 3844.*)

Mr. J. M. Macdonnell (Greenwood): Mr. Speaker, "the tumult and the shouting dies", and I think I might add that I have never heard so little applauded so much by so many. The minister has spent an hour and twenty minutes trying to persuade us that this is not a budget of blank negation, but I doubt if he has deceived even himself. I must not forget that if the statements we hear are true, and this should prove to be the minister's last budget, it would be in the highest degree regardless of the amenities and the traditions of the house, if I did not say to him how much we have appreciated his budgets. I do not say by that that we have approved of them. But at any rate we will congratulate him upon whatever he did that was right; though we may not have the same categories as he has. We will also forgive him all his mistakes. And we will all say that, whatever course he follows, he has the good will of all of us.

This has been referred to as his swan-song—but I hope not in any literal sense, because I understand a swan-song coincides with the end of the bird. So I am sure there is nothing of that kind going to happen to the minister.

Now, we have had the old, old story. The minister has come and told us that he has spent $5 billion of our money. First of all it looked to be only a matter of $4,600 million; but then we find that the minister deftly had taken $335 million out of another pocket, hoping that that would cause us less pain. I refer to the old age security payment.

We know what a conjurer the minister is. We know how, on occasions, he has here in the evening made us believe by his skill with figures that there was a tax reduction. But, alas, when the cold grey dawn came next morning, we discovered that it had fled away, and that there was really nothing left. That shows the minister's dexterity with figures.

I would also point out with some interest the minister's statement of four or five years ago. It was made with great skill; and I think it is worth recalling. It is not every man who has his remarks of five years ago recalled. It will be in the memory of all who are here that 1949 was an election year. The year before there had been no reductions, but in 1949 there were reductions. The minister explained it in terms which I thought were rather delightful, and I would like to repeat them. Hon. members will see that it needs the changing of only one word to make it completely accurate.

The minister said:

> Tax reductions last year would have come too early to be of real benefit to the public as a whole.

Let me show the mistake the minister made. What he should have said was, "Tax reductions last year would have come too early to be of real benefit to the Liberal party".

Mr. Abbott: The same thing.

Mr. Rowe: "The same thing", he says.

Mr. Macdonnell: I shall discuss on another day whether we can afford really this luxury of paying $5 billion in taxation, or whether we may find, contrary to what the minister finds, that it is helping to raise our costs to the point where we may find it very embarrassing indeed—as we presently are in the export market.

Now, of course that will not bother the government; because the government have got to the point where they believe nothing can be wrong while they are in power. Mr. Speaker, just look at them. Did you ever see a more, shall I say, self-pleased lot of men?

Mr. Abbott: Handsome.

Mr. Rowe: Complacent.

Mr. Macdonnell: I am going to venture this observation, though perhaps it is not strictly part of my duty—I venture to give them a slogan, a slogan that comes from an extempore prayer, the kind of prayer that is made in the church I belong to, and the church to which some others belong; that extempore prayer is this, and I think you will see how wise it is and how it applies to the present situation: "Lord, if it be possible, help us to be worthy in some measure of the high esteem in which we hold ourselves."

Some hon. Members: Hear, hear.

Mr. Macdonnell: Mr. Speaker, I am glad to see that apparently the government receives this without hostility. And I have even some hope that I may have done something useful for them, though that is an odd thing for me to say.

Now, of course it is easy for the government, particularly in the light of things that have recently happened, to contemplate the situation with considerable equanimity. But it is not so easy for the ordinary citizen. The ordinary citizen on the average—every man, woman and child—pays $329 in taxes, or $1,650 for a family. That is hard enough for a family of five. But if there is ever so little flattening out, anything short of a roaring boom, then it will become much harder.

But, Mr. Speaker, I wish to be fair. You, sir, are always fair, and I am sure you wish

us to be fair. And I do not wish to neglect to point out that there was a surplus of $10 million. I was wrong in saying the minister spent $5 billion. He did not spend that: There was $10 million left over, 66 cents for every man, woman and child, if my arithmetic is correct.

Mr. Abbott: It is $4,750 million, not $5 billion.

Mr. Macdonnell: The minister has been trying for an hour and a half to put a good face on things. But, after all, why should we be pleased? What is there for the ordinary citizen to be happy about? Have we any reduction in taxation? Well, you could put it all in your eye. There is, I believe, a reduction of two cents a gallon on ale, beer, porter and stout. The minister shakes his head, but that is my interpretation of it. I am sorry, perhaps there is no reduction: Perhaps it is an increase. Perhaps I am giving him credit where I should not give credit.

Is there a reduction in expenditures? Expenditures are practically the same. Is there any plan for dealing with unemployment? No; the minister has told us that he regrets the unemployment, but that there is really no need to take it too seriously.

Really, we have nothing but a lot of fair words. Nobody has been benefited. I was interested in the minister's saying that he took a liberal rather than a conservative view of things. But I would have been more impressed if I had seen any sign of meeting the situation with action. And I wish to point out the fact that if taxes bear heavily upon the rest of us, what happens to those who are unemployed? They, like the rest of us, are the target for all kinds of taxes—taxes direct, indirect, hidden, open, large and larger.

What does that mean to the unemployed? It means something that the rest of us hardly like to think about. What is the government's attitude towards this? Well, so far as I can take it from what the minister said tonight he has really not changed his attitude since February 11 when he said with regard to unemployment, "I cannot say the situation is serious; I would say it is unpleasant".

Well, that certainly is a conservative statement. And of course, when we come to the Minister of Trade and Commerce (Mr. Howe), his estimate of the question of unemployment was even more interesting. He dealt with it rather lightly, and told us a bedtime story of one of the unemployed men he met who had his pockets full of money. Well, I hope that has been circulated to all the other members of the unemployed. Then he told us also that in Port Arthur, where he comes from—or used to come from—that quite a lot of people there apparently just sign in on the unemployment roll in between jobs, and that there was quite a large number like that.

But the thing that is most astounding in the government's relationship to this matter is the fact that the government speaks with two voices. You would not allow me, Mr. Speaker, to say that the government is two-faced; but they certainly have two mouths because one department gives an entirely different account of the unemployment situation from the other, and when I say "different" I mean "different" in a big way. According to the Minister of Labour (Mr. Gregg), who I think has an appetite for accurate facts, unplaced applicants on February 20 amounted to 559,000; but at the same time that great institution belonging to the Minister of Trade and Commerce, the dominion bureau of statistics, tells us that the number of persons without jobs seeking work was 312,000, about half as many. With this ridiculous discrepancy going on it is no wonder that labour feels that they are in a kind of merry-go-round, and that so far as the dominion bureau of statistics is concerned, what they are getting is not the facts but a bedtime story.

I should like the minister, who I feel has given us a fairly optimistic view of the situation, to go and tell his story to the steel workers down in Nova Scotia. I should like to have him go to the textile workers and to the agricultural implement workers almost anywhere. I should like to have him go and tell these workers that. I think they would find great difficulty in living on his comforting assurances that later in the year things will be better. I think they would ask him: What are you doing? And his story would not be satisfactory.

I should like to ask the Minister of Labour whether he will go to Marysville and tell the people who are out of work there that all is well. I should like to ask the Minister of Justice (Mr. Garson) who spoke the other evening in Manitoba and said:

> Without having an immediate problem of unemployment ourselves, we Manitobans realize that a high level of Canadian employment helps to create a demand for, and supports the price of, Manitoba products.

You see, he was very decent. He admitted he was part of Canada, and he admitted that what went on in the rest of Canada was of interest and importance. I would like him to look at the figures of unemployment right in Manitoba and say whether he feels he would like to go and speak as blandly as that to them.

I come to the Minister of Transport (Mr. Chevrier). I ask him whether he would like to go down to Cornwall and tell them that unemployment doesn't matter very much and that before the end of the year we shall have things better and not to worry too much. I should like to ask the Prime Minister (Mr. St. Laurent), with 185,000 persons shown as unplaced applicants in the province of Quebec, whether he would feel happy in going to the city of Quebec and giving them that kind of pleasant encouragement. I should like to ask the Minister of Finance (Mr. Abbott) whether he would be prepared to do the same thing in Montreal. I should like to ask the Minister of National Revenue (Mr. McCann) whether he would like to go back to his constituency and tell them that all is reasonably well or that they do not need to worry; or if it is not well now, just trust the government and all will be well before long.

I should like to ask the Minister of Trade and Commerce whether the people in Port Arthur are wholly happy in learning that some of the lake fleet has not been commissioned because of the stoppage in the movement of wheat.

Mr. Howe (Port Arthur): Because the harbour is still frozen.

Mr. Macdonnell: Well, that is not the reason the ships are not being commissioned. The ships are not being commissioned, the minister very well knows, because they think there are no cargoes for them.

Of course the plight of the unemployed would be more tolerable if there had been any possibility of tax reductions; but, as I have pointed out, all the tax reduction that is being made you could put in your eye. Of course the Minister of Trade and Commerce told us all that a little while ago. He announced a very interesting economic theory. He said, as reported at page 2106 of *Hansard:*

> . . . it was decided that this would be a year to loosen the purse strings—

—and that it was no way to improve the situation in the buyer's market to curtail government investment. In other words, the minister, going against all economic opinion, tells us that reducing taxes was not the way to stimulate the economy, and apparently the Minister of Finance has adopted this view.

We now come to expenditures. The total non-defence expenditures were substantially more than a year ago—$184,000,000 more. There are one or two points I wish to bring attention to particularly. First of all, whereas in the United States they have been able to make big reductions in the civil service, here we cannot do it. We go on from strength to strength in numbers. We do nothing in the way of reducing the number of civil servants, and there seems no likelihood that we shall. Let me take one or two samples of the kind of thing we have in the civil service. Let me refer to the number of economists just as an example. In agriculture we have 55 economists; in trade and commerce, 38; in labour, 30, and in fisheries, 19. In all we have a total of 178. Let me come to librarians. We have 100 librarians; 11 in the national library—that is natural enough; 10 in legislation; 10 in mines; 10 in national defence and so on.

I began by saying that I thought this was a budget of negation, a do-nothing budget, a stand-pat budget, and I have asked what has happened: whether anything has been done in tax reduction, only a trivial amount; whether we have any reduction of expenditures, no; whether we have any plans for dealing with unemployment, no; any plan for reducing the cost of production which is now cutting down our export markets, no. What have we instead? We have the minister's liberal estimates, as he calls it, his confidence that improvement is coming, but no indication of any steps for dealing with the difficulties which now face us.

I move the adjournment of the debate, Mr. Speaker.

On motion of Mr. Macdonnell the debate was adjourned.

BUSINESS OF THE HOUSE

Mr. Harris: I believe it would be the sense of the house that we now adjourn, and I so move.

Tomorrow we shall take the Criminal Code.

Motion agreed to and the house adjourned at 9.40 p.m.

BUDGET PAPERS

presented by

the Honourable D. C. Abbott, M.P.,

for the information of Parliament

in connection with the Budget of 1954-55

BUDGET PAPERS

FOREWORD

The purpose of these Papers is twofold:

1. to present a general economic review of 1953, bringing together in one place and in convenient form some of the more comprehensive indicators of economic conditions prepared by the Dominion Bureau of Statistics and other Government Agencies, together with brief comments;

2. to present a preliminary review of the Government accounts for the fiscal year ending March 31, 1954.

PART I

ECONOMIC REVIEW OF 1953

PAGE

1. National Accounts—
   - National Income and Product 3759
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   - Source and Disposition of Saving 3765
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3. Employment and Earnings 3778

4. Price Trends 3780

The tables in this Budget Paper are based upon estimates provided by the Dominion Bureau of Statistics and other Government Departments. Some of the figures appear for the first time; others have been published elsewhere. All 1953 estimates are preliminary and subject to revision.

THE NATIONAL ACCOUNTS

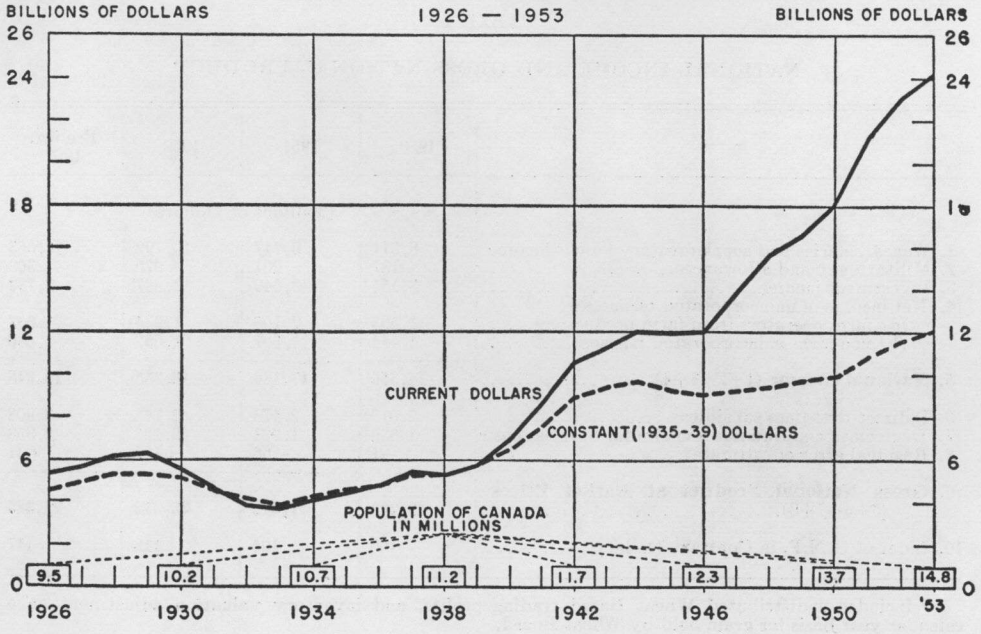
National Income and Product

Preliminary estimates indicate a gross national product of about $24·3 billion for 1953, an increase of $1·1 billion over 1952. In terms of volume or real product it is estimated that the increase amounted to almost 4 per cent. At the same time the population of Canada increased by 2·5 per cent and the civilian labour force by 1·3 per cent.

The gain of something less than 4 per cent in the volume of production for 1953 is not, at first glance, as striking as the gains of about 6 per cent which were made in each of the three years 1950, 1951 and 1952. However, this somewhat smaller gain for 1953 does not indicate any reduction in the growth of non-agricultural output. On the contrary, non-agricultural production increased by about 5 per cent in 1953 which is as high as the increase of 1952. There were substantial volume increases in manufacturing and construction, in mining and public utilities, and in wholesale and retail trade. In fact, with the exception of agriculture and forestry, all branches of production appear to have shown increased output for the year as a whole. But the volume of agricultural production, although still very high in absolute terms, was substantially below the record level of 1952.

The expansion in output was greater in the first half of the year when the volume of manufacturing production was rising substantially. This is well illustrated by the index of industrial production which showed a steady advance throughout the early part of the year and comparative stability, with some tendency to decline, in the last half. The high level of production reached early in the year was fairly well maintained through the third quarter; but the down turn of the fourth quarter brought the index at year end to a level slightly below that of December 1952.

GROSS NATIONAL EXPENDITURE
IN CURRENT AND CONSTANT (1935-39) DOLLARS



For the second successive year labour income increased by an amount greater than the total increase in national income. Salaries and wages, inclusive of military pay and allowances, rose by $900 million or 8 per cent compared with an increase of 12 per cent in 1952. Most of the increase was the result of higher rates of pay but there was an increase of about 2 per cent in the number of paid workers. Labour income constituted 63 per cent of national income in 1953, the highest proportion of the post-war period.

Net farm income is estimated to have declined by almost 14 per cent from the level of 1952. More than half of this decline was the result of a reduction in the volume of agricultural production although lower prices also prevailed for many agricultural products. There was a continuance of the trend toward a lower agricultural labour force which has been noticeable for some time. This was particularly true in regard to unpaid family workers.

Net income of unincorporated business other than farming is estimated to have increased by $128 million or about 8 per cent.

Investment income is estimated to have increased by $52 million or somewhat more than 1 per cent. Tentative estimates of corporation profits, the largest component of investment income, indicate a decline of about 3 per cent; but this decrease was more than offset by increases in other categories of investment income such as rents and interest, and by some reduction in dividends paid abroad. This was the second successive year in which corporation profits declined despite large net additions to plant and equipment. However, they were still slightly above the level of 1950.

National Expenditure

During 1953 the volume of Canadian production increased by about 4 per cent. In addition, Canadians drew more heavily on foreign production than in the previous year. Thus, imports of goods and services exceeded exports of goods and services by about $466 million in 1953 compared with an excess of exports over imports of some $166 million in 1952. Taking these two factors

TABLE 1

NATIONAL INCOME AND GROSS NATIONAL PRODUCT

—	1950	1951	1952	Prelim. 1953
	(Millions of Dollars)			
1. Wages, salaries and supplementary labour income.	8,311	9,717	10,792	11,653
2. Military pay and allowances	137	201	270	309
3. Investment income	3,155	3,649	3,687	3,739
4. Net income of unincorporated business—				
(a) farm operators from farm production[1]	1,503	2,106	1,934	1,667
(b) non-farm unincorporated business	1,444	1,507	1,552	1,680
5. National Income (1+2+3+4)	**14,550**	**17,180**	**18,235**	**19,048**
6. Indirect taxes less subsidies	2,018	2,478	2,744	2,908
7. Depreciation allowances and similar business costs	1,636	1,921	2,126	2,358
8. Residual error of estimate	−1	−66	+107	+31
9. Gross National Product at Market Prices (5+6+7+8)	**18,203**	**21,513**	**23,212**	**24,345**
10. Index of G.N.P. in Constant Dollars	100	106	113	117

[1] Includes undistributed Wheat Board trading profits, and inventory valuation adjustment on a calendar year basis for grain held by Wheat Board.

into account, the net increase in goods and services drawn from abroad as well as the increase in Canadian production, Canadians used about 6 per cent more goods and services in 1953 than in 1952. About half of this 6 per cent increase in the volume of goods and services used by Canadians was absorbed by increases in personal expenditure on consumer goods and services. Investment in residential construction and in inventories each accounted for about one-fifth of the increase. The remainder was absorbed by the less striking increases in government expenditure and in non-residential construction.

Consumer expenditure rose from $14,424 million to $15,147 million, an increase of $723 million or 5 per cent compared with an increase of $1,126 million or 8 per cent in 1952. The percentage increase in consumer expenditure was no greater than the growth in government expenditure on goods and services and very much less than the expansion of one-third in the volume of residential construction. Nevertheless, in absolute terms, the increase in personal expenditure on consumer goods and services contributed about 50 per cent of the nation's increase in demand and was the largest single element of expansion in the Canadian economy during 1953. This was in contrast to 1952, when an equally powerful forward thrust was supplied by increases in government expenditure; and came about not because of any acceleration in the growth of consumer spending, but because of a levelling off in government outlays for defence. This expansion in consumer spending and the large increase in expenditure on housing, its counterpart in the investment category, are closely related to the substantial relative and absolute increase in labour income which was noted above.

Of the $185 million increase in government expenditure on goods and services in the calendar year 1953, about half was the result of increased defence spending. The increase in defence expenditure was thus about one-sixth as large as the expansion which occurred in 1952. The decline in the relative importance of the increase in government expenditure as a stimulating force in the economy can be seen by comparing it with changes in consumer expenditure. In 1952, for example, the increase in government spending on goods and services was almost equal to the increase in consumer expenditure but in 1953 it was only 26 per cent of the latter.

TABLE 2

GROSS NATIONAL EXPENDITURE

—	1950	1951	1952	Prelim. 1953
	(Millions of Dollars)			
1. Personal expenditure on consumer goods and services	12,029	13,298	14,424	15,147
2. Government expenditure on goods and services	2,326	3,243	4,223	4,408
3. Gross domestic investment—				
(a) plant, equipment and housing	3,216	3,810	4,265	4,701
(b) change in inventories	960	1,620	241	585
4. Exports of goods and services[1]	4,183	5,089	5,588	5,426
5. Imports of goods and services[1]	−4,513	−5,613	−5,422	−5,892
6. Residual error of estimate	+2	+66	−107	−30
7. Gross National Expenditure at Market Prices (1+2+3+4+5+6)	**18,203**	**21,513**	**23,212**	**24,345**
8. Index of G.N.E. in Constant Dollars	100	106	113	117

[1] Minor adjustments have been made to the figures of current receipts and payments shown in Table 11 and in "The Canadian Balance of International Payments, 1926 to 1951", Dominion Bureau of Statistics, to achieve consistency with the other component series.

Investment in plant, equipment and housing increased by $436 million, about 10 per cent in terms of value and almost 8 per cent in terms of volume. Almost two-thirds of this increase was in residential construction.

Additions to inventories of farm grain and livestock and grain in commercial channels declined by $120 million in 1953. Business inventory accumulation, on the other hand, showed a large increase since the volume of business inventories rose by about 5 per cent in 1953 while there had been virtually no change for 1952 as a whole. This increase was confined to the first three quarters of 1953, being about 7 per cent for that period. The change from large inventory accumulation in the first three quarters to an inventory decline in the last quarter was much more pronounced than can be accounted for by the normal seasonal movement. In the first three quarters of the year the accumulation of business inventories absorbed almost as much of the increase in the nation's product as did the increase in consumer expenditure, and for the year as a whole it was as large as the increase in capital investment.

Personal Income and its Disposition

Personal income differs from national income in a number of ways. While national income is the total of the annual earnings of Canadian residents from the production of goods and services, personal income is the sum of the current receipts of income regardless of whether these receipts are earnings from production. For example, personal income includes only that part of corporation profits which is actually received by Canadian persons as dividends. On the other hand, transfer payments such as family allowances, old age pensions, veterans' benefits and charitable contributions of corporations, are part of personal income although they are not payments for services and, therefore, do not form part of national income.

During 1953 personal income rose by $951 million or 6 per cent despite a substantial decline in receipts of farm income. As in 1952, this gain in money income represented a significant gain in real income since consumer prices were relatively stable.

TABLE 3

SOURCES OF PERSONAL INCOME

—	1950	1951	1952	Prelim. 1953
	(Millions of Dollars)			
1. Wages, salaries and supplementary labour income...	8,311	9,717	10,792	11,653
Deduct: Employer and employee contributions to social insurance and government pension funds.	−256	−329	−357	−386
2. Military pay and allowances.....	137	201	270	309
3. Net income received by farm operators from farm production[1].....	1,402	2,142	1,909	1,642
4. Net income of non-farm unincorporated business....	1,444	1,507	1,552	1,680
5. Interest, dividends and net rental income of persons[2].....	1,295	1,416	1,530	1,654
6. Transfer payments to persons (excluding interest)—				
(a) from government.....	1,033	1,033	1,377	1,469
(b) charitable contributions made by corporations.....	25	27	30	30
(c) net bad debt losses of corporations.....	23	25	25	28
7. Personal Income (1+2+3+4+5+6).....	**13,414**	**15,739**	**17,128**	**18,079**

[1] Excludes undistributed profits of the Wheat Board and an inventory valuation adjustment on a calendar year basis for grain held by the Wheat Board.
[2] Includes all government debt interest paid to persons.

Labour income is the largest component of personal income and comprises almost 66 per cent of the total. Thus, the increase in personal income was due in large measure to the 8 per cent increase in salaries and wages although some other components increased at a comparable rate. Government transfer payments increased by $92 million or 7 per cent, most of the increase being the result of normal growth in family allowances and old age pensions and some increase in unemployment insurance benefits.

Net income of farmers declined by 14 per cent in 1953 but the reduction in farm cash income is estimated at only 4 per cent. This result arose because a much smaller part of the 1953 farm income was kept in the form of increased inventory at year-end. There was some decline in prices of agricultural produce but the decline in volume of agricultural production was a slightly more important factor in the reduction of income. As noted elsewhere, the decline in farm income should be considered in relation to the estimated 4 per cent reduction in the agricultural labour force.

Net income of unincorporated businesses other than farming is estimated to have increased by 8 per cent. Income from interest and rents increased but dividends paid out by corporations are estimated to have declined moderately in line with the reduction in corporate profits.

The pattern of the disposition of personal income was not significantly different than that of 1952. Despite the mid-year reduction in the rate of personal income tax, the increase in personal incomes was sufficient to bring about an increase of 9 per cent in the revenue from this tax.

While disposable income, or personal income after taxes, increased by $842 million, personal expenditure on consumer goods and services rose by $723 million so that there was an increase of $119 million in personal saving. In fact, exclusive of changes in farm inventories, which are to a considerable extent involuntary, personal savings rose by $292 million or about 26 per cent. Some substantial part of this increase in saving can be traced to the 35 per cent increase

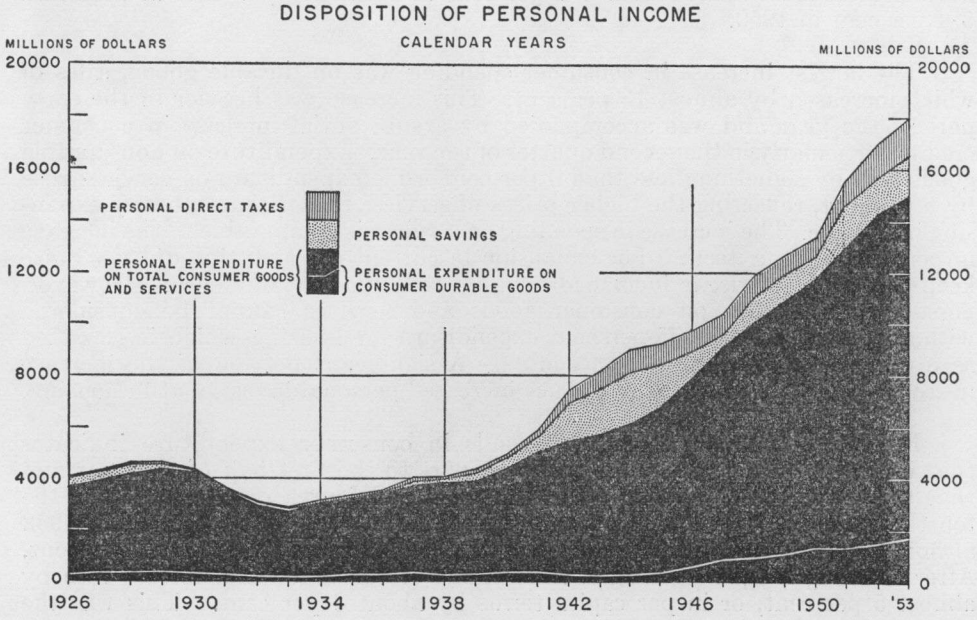


TABLE 4

DISPOSITION OF PERSONAL INCOME

—	1950	1951	1952	Prelim. 1953
	(Millions of Dollars)			
1. Personal direct taxes—				
(a) income taxes	612	890	1,177	1,287
(b) succession duties	66	69	72	73
(c) miscellaneous taxes	62	71	74	72
Total direct taxes	740	1,030	1,323	1,432
2. Personal expenditure on consumer goods and services—				
Goods—				
(a) non-durable	7,241	8,001	8,517	8,766
(b) durable	1,343	1,398	1,559	1,759
Services	3,445	3,899	4,348	4,622
Total consumer expenditure	12,029	13,298	14,424	15,147
3. Personal saving—				
(a) personal saving excluding farm inventories	514	1,057	1,144	1,436
(b) change in farm inventories	131	354	237	64
Total personal saving	645	1,411	1,381	1,500
4. Personal Income (1+2+3)	**13,414**	**15,739**	**17,128**	**18,079**

in residential construction since down-payments for housing constitute part of the nation's savings. A further factor in the increase in personal saving is the large element of contractual saving which increases year by year with the steady growth in pension plans, insurance, and the monthly amortization of mortgages on housing. Personal saving constituted 9·0 per cent of disposable income in 1953 compared with 8·7 per cent in 1952, 9·6 per cent in 1951 and 5·1 per cent in 1950.

The largest increase in consumer spending was on durable goods, sales of which increased by almost 13 per cent. This increase was heavier in the early part of the year and was accompanied by a substantial increase in consumer credit, particularly in the second quarter of the year. Expenditure on non-durable goods rose by something less than 3 per cent while expenditure on services rose by 6 per cent, reflecting the higher prices of services rather than a heavy expansion in volume. The increase in spending on services is comparable to the increase in personal income itself. The expansion in current consumption did not quite keep pace with the rise in income although it reflected that influence. However, personal expenditure on consumer goods and services cannot be considered without taking account of personal expenditure for housing which is classified as investment in the national accounts. A significant portion of the increase in savings for 1953 was used to finance increased personal investment in housing.

Examination of the quarterly trends in consumer expenditure indicates that increases were confined for the most part to the first half of the year and that there was some levelling off in the third and fourth quarters. Thus, the fourth quarter of 1953 was less than 3 per cent above the fourth quarter of 1952 although the first and second quarter comparison indicates a gain of 6·5 per cent. After allowing for price changes, the volume of consumer expenditure rose by almost 5 per cent, or in per capita terms by about 3 per cent. This was the

second successive year in which substantial gains were made in the volume of consumption without causing a decline in savings, a result made possible by the large increase in real income.

Source and Disposition of Saving

Saving is the source from which investment expenditure is financed. In addition to personal saving, which was mentioned in the preceding section, there is government saving and business saving.

It is estimated that during 1953 the nation as a whole saved $225 million more than in 1952, an increase of about 5 per cent. Both personal and business saving increased but the surplus for all levels of government combined dropped to $136 million, so that government saving was no longer a substantial factor in the total. The amount saved by persons and businesses became relatively more important and constituted about 97 per cent of the nation's total saving compared with 92 per cent in 1952 and 80 per cent in 1951.

TABLE 5

SOURCES OF SAVING

—	1950	1951	1952	Prelim. 1953
	(Millions of Dollars)			
Personal saving	645	1,411	1,381	1,500
Gross business saving—total	*2,556*	*2,578*	*2,804*	*3,123*
(a) Undistributed corporation profits	844	721	673	763
(b) Depreciation allowances	1,636	1,921	2,126	2,358
(c) Net bad debt losses of corporations	−23	−25	−25	−28
(d) Undistributed Wheat Board trading profits and inventory valuation adjustment on grain held by Wheat Board	101	−36	25	25
(e) Inventory valuation adjustment[1]	−2	−3	5	5
Adjusted government surplus (+) or deficit (−)[2]	648	1,049	273	136
Residual error of estimate[3]	−1	−66	+107	+31
Total	3,848	4,972	4,565	4,790

[1] The adjustment has been made only to grain held in commercial channels.
[2] See Table 10.
[3] See Tables 1 and 2.

Personal saving, or the amount set aside from current personal income, is estimated at $1,500 million for 1953—9 per cent of personal disposable income. It constituted 31 per cent of total saving from all sources compared with 30 per cent in 1952. Excluding the change in farm inventories, the increase in personal saving was even more noteworthy, being about 26 per cent greater than in 1952. As noted above, this is closely related to increased expenditure on residential housing and to the continuing growth in contractual saving.

About two thirds of the reduction in government saving was the result of a further decline in the federal surplus, as adjusted for National Accounts purposes.

Business saving is comprised for the most part of amounts set aside for depreciation and of undistributed profits. There was an estimated increase of about 11 per cent in depreciation allowances. Undistributed profits depend not

TABLE 6

DISPOSITION OF SAVING

—	1950	1951	1952	Prelim. 1953
	(Millions of Dollars)			
Gross domestic investment—				
Housing, plant and equipment	3,216	3,810	4,265	4,701
Change in inventories	960	1,620	241	585
Net increase in foreign assets (including foreign exchange) adjusted[1]	−330	−524	166	−466
Residual error of estimate[2]	+2	+66	−107	−30
Total	3,848	4,972	4,565	4,790

[1] Minor adjustments have been made to the figures appearing in Table 11.
[2] See Tables 1 and 2.

only upon the level of profits but upon taxes and dividend payments as well. The preliminary estimate of corporation profits before taxes indicates a reduction of a little more than 3 per cent for 1953 and this carries the decline in corporate profits, which began in 1952, to about 9 per cent. This decrease in profits has accompanied more normal conditions of supply and demand with a comparatively stable price level. During 1953 there was, however, a substantial drop in corporation taxes because of the reduction in tax rates, so that there has been some increase in the amount of corporation profits after taxes. In addition, it is estimated that dividends paid out were somewhat lower than in 1952, so that some increase in undistributed profits is indicated.

It is estimated that our total payments abroad on current account exceeded our total receipts from abroad by about $466 million and there was, therefore, an increase of like amount in our net foreign liabilities. This was in sharp contrast to 1952 when current receipts from abroad exceeded current payments by $166 million. The movement from a surplus to a deficit in current foreign transactions was much more the result of increased imports than of decreased exports. Imports in 1953 were 9 per cent greater than in 1952 while

TABLE 7

CORPORATION PROFITS, TAXES AND DIVIDENDS

—	1950	1951	1952	Prelim. 1953
	(Millions of Dollars)			
Corporation profits before taxes[1]	2,506	2,810	2,640	2,550
Deduct corporation taxes[2]	−981	−1,429	−1,333	−1,174
Corporation profits after taxes	1,525	1,381	1,307	1,376
Deduct dividends paid out[3]	−681	−660	−634	−613
Undistributed corporation profits[4]	844	721	673	763

[1] Includes depletion charges and is adjusted for losses, and for conversion to a calendar year basis.
[2] Taxes paid or payable in respect of the calendar year's income. (See Table 10).
[3] Includes charitable contributions made by corporations. (See Table 3 Item 6 (b)).
[4] See Table 5.

exports were about 3 per cent less. Thus although the level of domestic saving was very high, the nation's expanding requirements were financed to a limited extent by capital inflows from abroad, particularly from the United States. These transactions are treated more fully in the section on the balance of international payments.

Investment and Capital Expenditure

It is estimated that investment in plant, equipment and housing amounted to $4,701 million in 1953 and constituted 19 per cent of gross national expenditure compared with 18 per cent in 1952. The increase for the year was $436 million, 10 per cent in terms of value and 8 per cent in terms of volume. There was a large increase in residential housing which rose by $276 million or 35 per

TABLE 8

GROSS DOMESTIC INVESTMENT

—	1950	1951	1952	Prelim. 1953
	(Millions of Dollars)			
Housing, plant and equipment—total[1]	3,216	3,810	4,265	4,701
New residential construction	801	781	786	1,062
Other new construction	1,026	1,260	1,561	1,719
New machinery and equipment	1,389	1,769	1,918	1,920
Change in inventories—total	960	1,620	241	585
Grain in commercial channels[2]	60	—	92	145
Farm grain and livestock[2]	131	354	237	64
All other inventories[3]	769	1,266	−88	376
Gross Domestic Investment[4]	**4,176**	**5,430**	**4,506**	**5,286**

[1] Includes private businesses and institutions, and publicly owned public utilities.
[2] Value of physical change.
[3] Change in value. Includes privately financed industrial and trade inventories.
[4] See Table 2, Item 3 and footnote to Table 9, p. 15.

cent in value and 33 per cent in volume. The 1953 volume of housing expenditure was about 11 per cent above the previous record level reached in 1950. Non-residential construction, which had shown the largest gain in 1952, rose more moderately in 1953 with an increase of 10 per cent in value and 6 per cent in volume. The estimates indicate that the value and volume of new investment in machinery and equipment were in aggregate practically unchanged from 1952. Declines in investment in farm machinery were offset by gains in trade, finance and commercial services. It should be noted also that while new investment in machinery and equipment did not expand further in 1953, it was already at high levels. Increases in investment in machinery and equipment were large in 1951 because of the expansion associated with defence preparations. In addition, there was a further although more moderate increase in 1952.

In absolute terms the most significant change in investment was the volume increase in business inventories. Whereas business inventories had remained practically constant during 1952, their volume increased in 1953 by about 5 per cent. The effect upon the economy was therefore significantly different than in 1952 when no further charge was made on the nation's productive capacity by demands for increasing inventory. The increase in inventories during 1953 was confined to the first three quarters; and the change from large inventory accumulation in the first three quarters to an inventory decline in the last quarter was

greatly in excess of the normal seasonal variation. It should be noted that the build-up of inventories in the first three quarters of the year contributed to economic activity in that period, while the withdrawal of this stimulus in the last quarter coincided with the normal seasonal slow-down and added to its effect. The increase in investment in business inventories for 1953 was somewhat larger than the increase in the volume of residential housing and together they absorbed about 65 per cent of the nation's increase in product.

PUBLIC AND PRIVATE CAPITAL EXPENDITURE

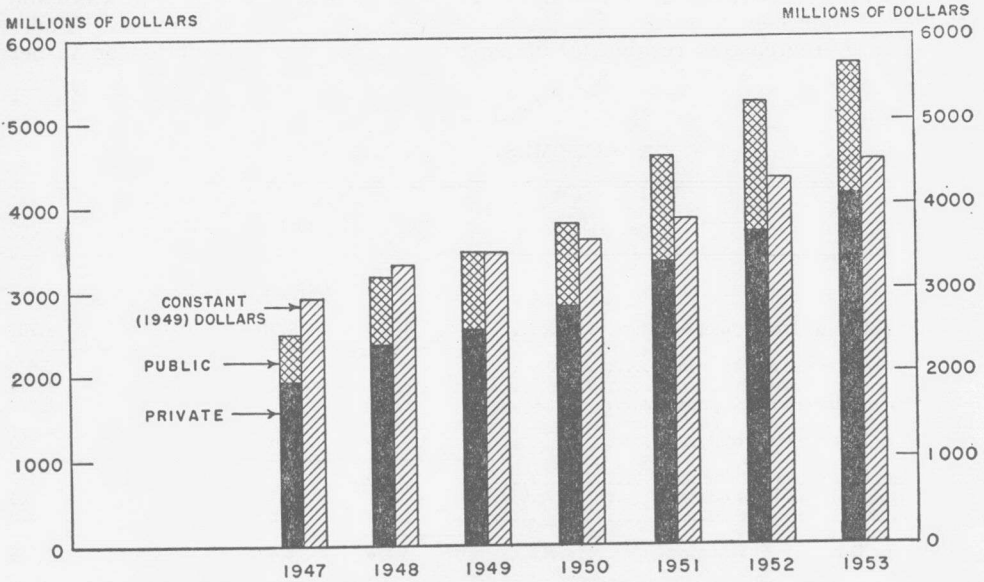


Table 9 gives an industrial distribution of business capital expenditures and brings them together with public capital outlays included under government expenditure in Table 2. The total of public and private capital expenditures increased by $394 million or 7 per cent in 1953. In real terms the increase is estimated at about 5 per cent. This is considerably less than the rate of advance in 1952 when the effects of the increased defence preparedness programme were still in evidence. Moreover, there was a distinct difference between 1952 and 1953 in the categories in which the major increases occurred. While these had for the most part been confined in 1951 and 1952 to increased investment in heavy manufacturing associated with defence, and to the development of strategic resources, the removal of restrictions in 1953 made possible private investment in lines more directly associated with civilian needs. This is indicated by the increased expenditure on housing, commercial buildings, and on retail outlets.

During 1953 the most spectacular increase in capital investment was in the trade, finance and commercial services group, particularly in retail trade. Expansion in these services and facilities generally had not kept pace with the rather rapid growth of the Canadian economy, preponderantly urban in character. The increase in retail store facilities was the most striking. Chain stores, independent stores and department stores spent $189 million on new facilities in

1953, an increase of $70 million or about 60 per cent. There was some decline in capital investment of government departments and this was largely in the federal field and associated with the decline in the rate of creation of new facilities connected with the defence programme. Investment in institutions increased by $23 million, or 8 per cent, the largest increase being in hospitals. In the utilities group there was a fairly heavy increase of 12 per cent in the capital outlays of steam railways and the bulk of this increase was in machinery and equipment. Elsewhere in the utilities group there were some declines.

In the manufacturing group, fairly substantial increases and decreases were in evidence, but the latter predominated. There was a decline of $23 million in iron and steel products, $30 million in paper products and $14 million in chemicals. Food and beverage industries increased their investment by $6 million, transportation equipment by $31 million and non-ferrous metals industries by $8 million.

TABLE 9

PUBLIC AND PRIVATE CAPITAL EXPENDITURE

—	1950	1951	1952	Prelim. 1953
	(Millions of Dollars)			
Agriculture and fishing	473	515	555	537
Forestry	34	58	39	35
Mining, quarrying and oil wells	119	181	211	280
Manufacturing	502	793	973	940
Electric power, gas and water works	369	440	578	553
Transportation, storage and communications	351	460	581	615
Construction industry	71	66	73	63
Trade, finance and commercial services	397	412	344	480
Institutions	208	236	278	301
Housing	845	821	826	1,086
Government departments	446	595	827	789
Total Capital Expenditure[1]	**3,815**	**4,577**	**5,285**	**5,679**
Total Capital Expenditure as a percentage of Gross National Expenditure	21·0	21·3	22·8	23·3
Index of total Capital Expenditure in Constant Dollars	100	107	119	126

[1] For reconciliation with Gross Domestic Investment in Table 8, see below

	1950	1951	1952	1953
PUBLIC AND PRIVATE CAPITAL EXPENDITURE—Table 9	3,815	4,577	5,285	5,679
DEDUCT:				
Provincial hospitals and schools, and municipal schools	−107	−130	−150	−163
Government housing excl. C.M.H.C. rental housing	−44	−40	−40	−24
Direct government department outlays	−446	−595	−827	−789
Other	−2	−2	−3	−2
ADD:				
Change in Inventories	960	1,620	241	585
TOTAL GROSS DOMESTIC INVESTMENT—Table 8	4,176	5,430	4,506	5,286

Revenue and Expenditure of All Governments

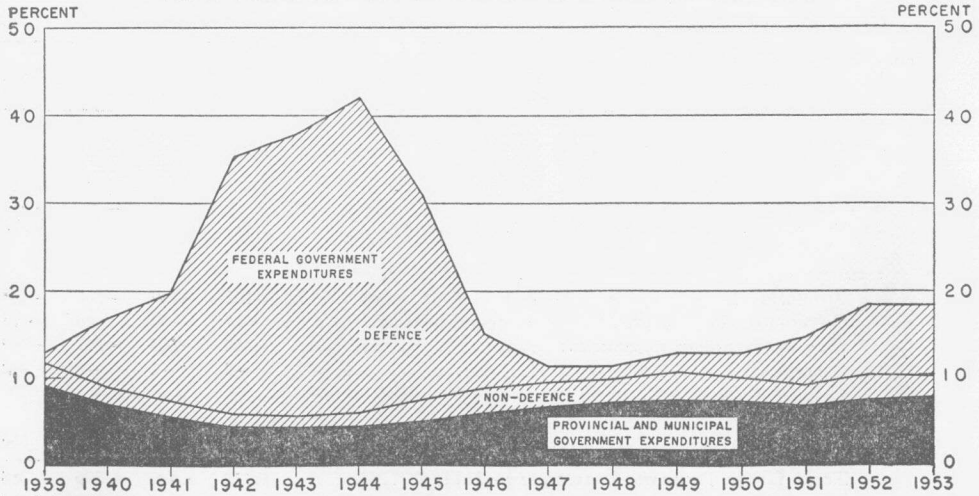
In Table 10 "Government Transactions Related to the National Accounts" an attempt is made to bring together in one statement and under uniform headings, the activities of all governments in Canada on a calendar year basis.

The table is designed to include only those transactions which have relevance for the National Accounts, and consequently the surpluses or deficits shown here differ from those shown in the various public accounts. It has been necessary to adjust the governments' accounting statements of fiscal year revenue and expenditure to exclude certain transactions such as those relating to reserves, write-offs, amortization, and other similar items, as well as the purchase and sale of existing capital assets; and to include the transactions of extra-budgetary funds such as unemployment insurance, old age security, workmen's compensation and government pension funds. Government loans and investments, and debt retirement are not included in government expenditure.

In the federal accounts, some of the more substantial adjustments are as follows: elimination of reserve for possible losses on active assets, elimination of reserve for veterans' conditional benefits, elimination of expenditures charged with respect to shipment from stocks of military equipment to NATO countries, addition of expenditures out of Defence Equipment Replacement Account, elimination of write-down of active assets to non-active account, adjustment of corporation taxes to an accrual basis, inclusion of the change in inventories of government commodity agencies and the Defence Production Revolving Fund and adjustment of interest on the public debt from an accrual to a due date basis. In addition, the federal figures are adjusted to a calendar year basis by using the monthly figures published by the Comptroller of the Treasury.

Municipalities are for the most part on a calendar year basis but the provincial figures are based on the provincial fiscal years. The 1953 figures for provincial and municipal governments involve a considerable element of estimation.

GOVERNMENT EXPENDITURES ON GOODS AND SERVICES
AS A PERCENTAGE OF GROSS NATIONAL PRODUCT



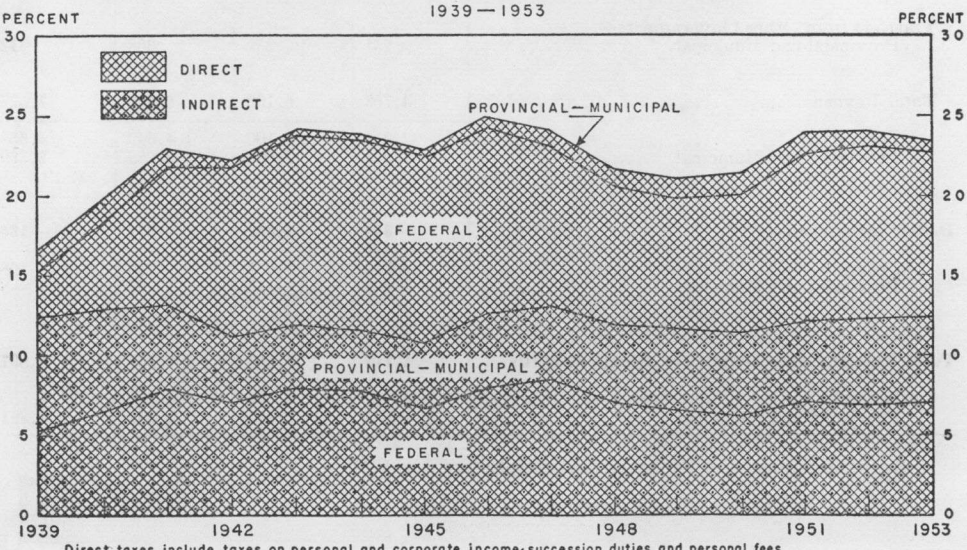
Exclusive of the change in inventories held by its agencies or departments, the federal government's expenditure on goods and services increased by $152 million or 6 per cent in 1953 compared with an increase of $687 million in 1952. This marked slowing down in the rate of expansion of federal government expenditure on goods and services in 1953 was the result of the levelling off in defence spending. For example, while defence expenditure rose by $643 million or more than 55 per cent in 1952, the increase in 1953 amounted to $109 million or a little more than 6 per cent. Nevertheless, federal defence expenditure remained a significant element in the national total, comprising about 8 per cent of gross national expenditure and about 75 per cent of the federal government's expenditure on goods and services. Federal government non-defence expenditure rose by about 7 per cent.

The increase in provincial and municipal expenditure on goods and services is estimated at $129 million or 7 per cent compared with an increase of 13 per cent in 1952. This does not indicate any significant change in the rate of expansion of these services since price rises were a much more important factor in the 1952 increase.

The expansion in federal transfer payments was also much smaller in 1953 than it had been in 1952 so that in this area, as well as in the category of direct expenditure on goods and services, the Canadian economy received much less in the way of a forward thrust. Federal transfer payments increased by $87 million or 6 per cent and this expansion represented in the main the more or less normal growth in family allowances, and old age pensions, together with some increase in unemployment insurance benefits.

Although federal expenditures expanded more moderately in 1953 than in 1952, there was an even smaller upward movement in revenues. There was a rise of about 9 per cent in federal personal income tax collections despite the mid-year reduction in rates which averaged about 11 per cent. The main factor in this increase was the steady rise in salaries and wages. The yield of the corporation tax declined since the effect of the 1953 tax rate reduction was compounded by some decline in profits, the base upon which the tax is levied.

GOVERNMENT DIRECT AND INDIRECT TAXATION
AS A PERCENTAGE OF GROSS NATIONAL PRODUCT
1939—1953



Direct taxes include taxes on personal and corporate income; succession duties, and personal fees.
Indirect taxes include taxes on commodities, services and real property, and business fees.

TABLE 10

GOVERNMENT TRANSACTIONS RELATED TO THE NATIONAL ACCOUNTS

—	1950	1951	1952	Prelim. 1953
	(Millions of Dollars)			
GOVERNMENT REVENUE—				
Direct Taxes—Persons	740	1,030	1,323	1,432
Income—				
Federal	612	890	1,177	1,287
Provincial and Municipal	.....	.....	.....	.....
Succession Duties—				
Federal	35	35	39	40
Provincial	31	34	33	33
Miscellaneous—				
Federal	7	6	7	1
Provincial and Municipal	55	65	67	71
Direct Taxes—Corporations	981	1,429	1,333	1,174
Income—				
Federal	835	1,240	1,232	1,107
Provincial	146	189	101	67
Other Direct Taxes—				
Withholding taxes—Federal	54	56	55	54
Indirect Taxes	2,081	2,606	2,843	3,017
Federal	1,115	1,495	1,595	1,697
Provincial and Municipal	966	1,111	1,248	1,320
Investment Income	400	453	529	552
Federal	134	164	214	219
Provincial and Municipal	266	289	315	333
Employer and Employee Contributions to Social Insurance and Government Pension Funds	256	329	357	386
Federal	159	214	230	253
Provincial and Municipal	97	115	127	133
Transfers from Other Governments—				
Provincial and Municipal	251	259	368	412
Total Revenue	4,763	6,162	6,808	7,027
Federal	2,951	4,100	4,549	4,658
Provincial and Municipal	1,812	2,062	2,259	2,369
Deficit (or surplus−)	**−648**	**−1,049**	**−273**	**−136**
Federal[1]	−640	−1,039	−216	−128
Provincial and Municipal	−8	−10	−57	−8
Total Revenue plus Deficit (or minus Surplus)	**4,115**	**5,113**	**6,535**	**6,891**
Federal	2,311	3,061	4,333	4,530
Provincial and Municipal	1,804	2,052	2,202	2,361

[1] For reconciliation with Public Accounts Surplus, see page 3773.

TABLE 10—Concluded

GOVERNMENT TRANSACTIONS RELATED TO THE NATIONAL ACCOUNTS

—	1950	1951	1952	Prelim. 1953
	(Millions of Dollars)			
GOVERNMENT EXPENDITURE—				
Goods and Services	2,326	3,243	4,223	4,408
Federal—				
Defence	493	1,157	1,800	1,909
Non-defence	487	537	669	616
Provincial and Municipal	1,346	1,549	1,754	1,883
Transfer Payments	1,475	1,483	1,845	1,962
Federal	1,020	984	1,400	1,487
Provincial and Municipal	455	499	445	475
Subsidies	63	128	99	109
Federal	60	124	96	106
Provincial and Municipal	3	4	3	3
Transfers to Other Governments—				
Federal	251	259	368	412
Total Expenditure	**4,115**	**5,113**	**6,535**	**6,891**
Federal	2,311	3,061	4,333	4,530
Provincial and Municipal	1,804	2,052	2,202	2,361

	1950	1951	1952	1953
Reconciliation with Public Accounts Surplus:	(Millions of Dollars)			
Federal Government calendar year surplus for national accounts purposes	**640**	**1,039**	**216**	**128**
Adjustments:				
Difference between calendar and fiscal year	−122	−300	+367	+24
Difference between corporation tax accruals and government receipts	−140	−161	−8	+130
Revenue items omitted	+73	+67	+49	+91
Reserves, write-offs and similar items omitted from expenditure	−130	−167	−195	−136
Change in inventories of government commodity agencies	−19	−16	+72	−24
Shipment of military equipment to NATO countries, less replacement	−57	−70	−95	−57
Extra-budgetary funds for pensions and social insurance (net)	−56	−144	+27	−30
Adjustment to place debt interest on a "due date" basis	.....	.....	−90	−14
Other adjustments	−58	−37	−95	−88
Federal surplus for fiscal year as per public accounts	**+131**	**+211**	**+248**	**+24**
	(1949-50)	*(1950-51)*	*(1951-52)*	*(1952-53)*

Federal indirect taxes increased by $102 million or 6 per cent. Almost half of this increase was in customs duties, since the yields from these levies reflected the substantial increase in imports. At the same time the generally high and rising levels of income and spending resulted in a considerable growth in the yield from sales and excise taxes.

Provincial and municipal indirect taxes increased by about 6 per cent. At the provincial level, increased revenue from gasoline taxes accounted for two-thirds of the increase and there was also some increase in the yield of provincial sales taxes.

There was a moderate increase in the importance of indirect taxes in the country as a whole. Thus, for all levels of government combined, indirect taxes exceeded direct taxes by some 13 per cent in 1953 compared with only 5 per cent in 1952.

As indicated above, the moderate expansion in federal expenditure during 1953 was not matched by the rise in revenues so that the federal surplus as adjusted for National Accounts purposes declined by $88 million. During 1952 the greater part of the very large increase in federal expenditure was financed by a reduction from the previous year's level of surplus rather than by revenue increases although the latter were substantial. In 1953 however the further reduction in the surplus was more moderate and the over-all effect of government revenue and spending was, therefore, more neutral despite their higher level. Since revenues and expenditures moved closer to balance, government saving became a negligible factor in the nation's total. The federal surplus was the smallest since 1946. The combined surplus of all provincial and municipal governments is estimated to have declined by about $50 million with revenues and expenditures in approximate balance.

The federal surplus shown for National Accounts purposes differs substantially from the public accounts surplus, not only because of the difference between the calendar and fiscal year, but because of other adjustments made to both revenues and expenditures to make the presentation consistent with figures shown for other sectors of the economy. A reconciliation table has, therefore, been appended to the government table which summarizes the major adjustments.

BALANCE OF INTERNATIONAL PAYMENTS

Canada's balance of payments position in 1953 differed in several respects from the position in 1952. The upward trend in the physical volume of imports which became evident in the last half of 1952 continued into 1953 and for the year as a whole, merchandise imports showed a volume increase of about 9 per cent over the previous year. At the same time, the volume of merchandise exports declined by a little more than 1 per cent from the record levels of 1952 and the terms of trade, or the ratio of import prices to export prices, showed some slight deterioration. As a result there was an import surplus of $55 million in 1953 compared with an export surplus of $491 million in 1952. This change in the merchandise trade balance was the major factor in the movement from a current account surplus of $157 million in 1952 to an estimated deficit of some $467 million in 1953.

Merchandise imports rose to $4,207 million in 1953, an increase of $361 million or 9 per cent over 1952. This increase in imports was a reflection of the high levels of investment, industrial activity and consumer spending which characterized the Canadian economy in 1953. There was a significant increase in imports of farm and non-farm machinery, electrical equipment and automotive and other iron and steel products. At the same time the greater volume of imports of consumer goods such as textiles and durables reflected the strong consumer demand and increasing import competition. This stronger demand for imports was spread throughout all categories.

Merchandise exports in 1953 were $4,152 million, down by $185 million or about 4 per cent from 1952. The major decreases were in exports of wood pulp, zinc, automotive products and farm machinery. Increased world supplies in both importing and exporting countries reduced the market for Canadian grains; and exports of wheat, barley and oats were below the record levels of 1952, although they remained above the level of any other post-war year. The fall in prices of wood pulp and zinc had important effects on the total value of these products, while declining farm incomes in the United States and import restrictions in overseas countries affected exports of farm machinery. Newsprint showed a large gain and became Canada's leading export in 1953, while sales of pork, pork products and chemicals to the United States showed a substantial increase.

TABLE 11

BALANCE OF INTERNATIONAL PAYMENTS

ESTIMATED CURRENT ACCOUNT BETWEEN CANADA AND ALL COUNTRIES

(Millions of Canadian Dollars)

—	1950	1951	1952	Prelim. 1953
CURRENT CREDITS—				
Merchandise exports (adjusted)[1]	3,139	3,950	4,337	4,152
Non-monetary gold	163	150	150	144
Travel expenditures	275	274	275	302
Interest and dividends	91	115	142	159
Freight and shipping	284	351	383	340
Inheritances and immigrants' funds	57	77	85	89
Other current receipts	231	249	301	329
Total Credits	4,240	5,166	5,673	5,515
CURRENT DEBITS—				
Merchandise imports (adjusted)	3,129	4,097	3,846	4,207
Travel expenditures	226	280	341	365
Interest and dividends	475	450	413	410
Freight and shipping	301	354	375	390
Inheritances and emigrants' funds	61	70	94	90
Other current payments	382	432	447	520
Total Debits	4,574	5,683	5,516	5,982
NET BALANCE ON CURRENT ACCOUNT	−334	−517	+157	−467

[1] Aid to NATO countries under Defence Appropriation Act has been excluded.

ESTIMATED GEOGRAPHICAL DISTRIBUTION OF THE NET BALANCE ON CURRENT ACCOUNT

(Millions of Canadian Dollars)

—	1950	1951	1952	1953[1]
Between Canada and—				
United States	−400	−951	−858	−948
United Kingdom	+24	+223	+387	+141
Rest of the Sterling Area	−23	−24	+114	+85
Other OEEC Countries	+108	+223	+332	+255
Other Countries	−43	+12	+182	
All Countries	−334	−517	+157	−467

[1] Complete details not yet available.

Another noteworthy feature of Canadian foreign trade in 1953 was a significant change in the direction of exports. Shipments to the United Kingdom and the rest of the Commonwealth, to European countries and to Latin America declined, while exports to the United States increased. As a result, exports to the United States constituted 59 per cent of Canada's total exports compared with 54 per cent in 1952. The fall in exports to the United Kingdom mainly reflects lower sales of wood products and metals while in other overseas countries sales of wheat, barley and automotive products were also down sharply. Exchange difficulties in Brazil were a major factor in the sharp reduction of sales to Latin America.

The change in the direction of imports was less pronounced. The proportion of total imports originating in the United States was about 73 per cent and showed little change from 1952, although their value increased by more than $200 million. Imports from the United Kingdom were greater but there was some decline in the value of imports from other parts of the Commonwealth.

Although the change in the merchandise trade balance was the major factor in the movement to a deficit on current account, the deficit on non-merchandise transactions also widened from $334 million in 1952 to $412 million in 1953, an increase of $78 million. A significant part of this change arose from the settlement of costs incurred in connection with the Korean hostilities, while payments under the Colombo Plan and in connection with the North Atlantic Treaty Organization were also higher. Receipts from freight and shipping were lower while payments rose with the larger volume of imports. The usually large payments balance on dividend account declined somewhat, while the payments balance on travel account was not significantly changed.

Direct investment in Canada and net sales of new Canadian securities abroad amounted to about $560 million in 1953. As in 1952, direct investment, tentatively estimated at $385 million, made up the bulk of this capital inflow. Of this total, approximately three-quarters represented investment in primary industries such as petroleum and mining and related transportation facilities. Provincial and municipal borrowing in the United States accounted for about two-thirds of the new security issues. Movements of short-term and other capital, however, were closer to balance than in 1952 when there was a substantial net outflow.

BALANCE OF INTERNATIONAL PAYMENTS

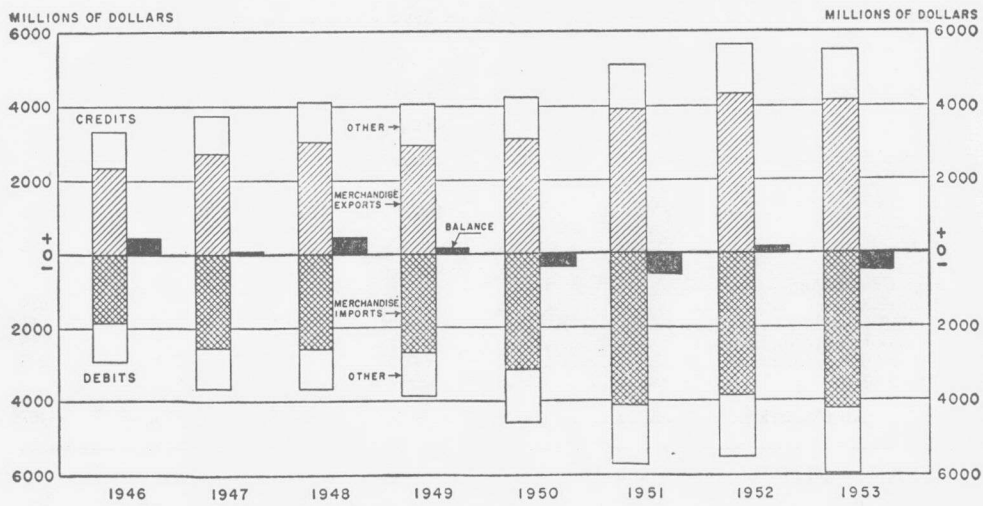


TABLE 12

CANADA'S OFFICIAL HOLDINGS OF GOLD AND U.S. DOLLARS

(Millions of U.S. Dollars)

—	Exchange Fund Account and Bank of Canada		Other Government of Canada Accounts	Total
	Gold	U.S. Dollars	U.S. Dollars	Gold and U.S. Dollars
Sept. 15, 1939	204·9	33·8	22·4	261·1
Dec. 31, 1939	218·0	54·8	33·4	306·2
Dec. 31, 1940	136·5	172·8	20·8	330·1
Dec. 31, 1941	135·9	28·2	23·5	187·6
Dec. 31, 1942	154·9	88·0	75·6	318·5
Dec. 31, 1943	224·4	348·8	76·4	649·6
Dec. 31, 1944	293·9	506·2	102·1	902·2
Dec. 31, 1945	353·9	922·0	232·1	1,508·0
Dec. 31, 1946	536·0	686·3	22·6	1,244·9
Dec. 31, 1947	286·6	171·8	43·3	501·7
Dec. 31, 1948	401·3	574·5	22·0	997·8
Dec. 31, 1949	486·4	594·1	36·6[1]	1,117·1
Dec. 31, 1950	580·0	1,144·9	16·6	1,741·5
Dec. 31, 1951	841·7	899·5	37·4	1,778·6
Dec. 31, 1952	885·0	961·8	13·4	1,860·2
Dec. 31, 1953	986·1	802·0	30·4	1,818·5

[1] Not including $18·2 million in United States dollars borrowed by the Government of Canada in August, 1949, and set aside for the retirement on February 1, 1950, of a security issue guaranteed by it and payable at the holder's option in United States dollars.

There was therefore, a net inward movement of capital, which balanced the deficit on current account without any great change in either the level of official exchange reserves or the external value of the Canadian dollar.

Official reserves of gold and United States dollars were $1,860 million at December 31, 1952, and $1,818 million at December 31, 1953.

A moderate upward trend in the value of the Canadian dollar over the last half of 1953 contrasted with the slow decline evident in the first half of the year. The range, however, was relatively narrow, the United States dollar having moved between $0·968 to $0·998 in the first six months of 1953 and between $0·994 and $0·970 in the last six months. At December 31, 1953, the United States dollar was $0·974 in terms of the Canadian dollar compared with $0·970 at December 31, 1952.

(Millions of Dollars)

Capital Movements	1950	1951	1952	Prelim. 1953
Loans to United Kingdom and other governments—				
Drawings	−50	—	—	—
Repayments	+74	+68	+56	+87
Net reduction in the U.S. dollar debt of the Government of Canada (expressed in U.S. dollars)	−50	—	—	−75
Increase (−) in official reserves of gold and U.S. dollars (expressed in U.S. dollars)	−624	−37	−82	+42
Other capital, including exchange adjustments, errors and omissions	+984	+486	−131	+413
Total[1]	+334	+517	−157	+467

[1] Equal in size but opposite in sign to net balance on current account.

EMPLOYMENT AND EARNINGS

Wages and salaries, inclusive of military pay and allowances, are estimated to have reached the record total of $11,962 million for 1953, a gain of $900 million or more than 8 per cent over the previous year. The level of labour income did not, however, advance appreciably beyond the level attained in the second quarter of the year. The seasonally adjusted quarterly figures show a moderate rise of 2 per cent in both the first and second quarters with very little further increase in the third and fourth quarters. This is in sharp contrast to the year 1952 when the nation's payroll continued to rise throughout the year and was 7 per cent higher in the fourth quarter than it had been in the first.

As in 1952, this rise in money income resulted in a substantial gain in real income or purchasing power since prices were comparatively stable. For the two years 1952 and 1953, the rise in labour income has been about 21 per cent while the consumer price index has increased by less than 2 per cent and the number of paid workers by 6 per cent. 1953 was the second successive year in which the proportion of national income accruing to labour showed a substantial increase. Thus, labour income constituted 63 per cent of national income in 1953 compared with 61 per cent in 1952 and 58 per cent in each of the years 1950 and 1951.

The increase in labour income was common to all the broad industrial categories with the exception of the primary industries. The largest increase was in the construction industry where the total wages and salaries paid exceeded the 1952 aggregate by 12 per cent but this gain did not approach the expansion of 21 per cent recorded in the previous year. Earnings in the other main groups, including manufacturing, utilities, trade, finance and other services, increased in about the same proportion as the overall gain in labour income, that is, in the range of some 8 to 9 per cent. On the other hand, labour income in the primary industries showed a decline of some 3 per cent, largely because of a decline in income from logging activities.

TABLE 13

THE CIVILIAN LABOUR FORCE

ANNUAL AVERAGES[1]

(Thousands of Persons)

—	1950[2]	1951[2]	1952[2]	1953
Civilian Labour Force	5,106	5,160	5,257	5,325
Male	4,006	4,026	4,091	4,152
Female	1,100	1,134	1,166	1,173
Non-Agricultural	4,094	4,227	4,371	4,472
Agricultural	1,012	933	886	853
Persons without jobs and seeking work	164	104	128	136
Persons with jobs	4,942	5,056	5,129	5,189
In Non-Agricultural Industries	3,935	4,126	4,247	4,340
Paid Workers	3,394	3,596	3,731	3,811
Employers, own account workers and unpaid family workers	541	530	516	529
In Agriculture	1,007	930	882	849
Paid workers	107	98	110	112
Employers, own account workers and unpaid family workers	900	832	772	737

[1] Average of the quarterly labour force surveys in 1950, 1951 and 1952 and of the monthly surveys in 1953.

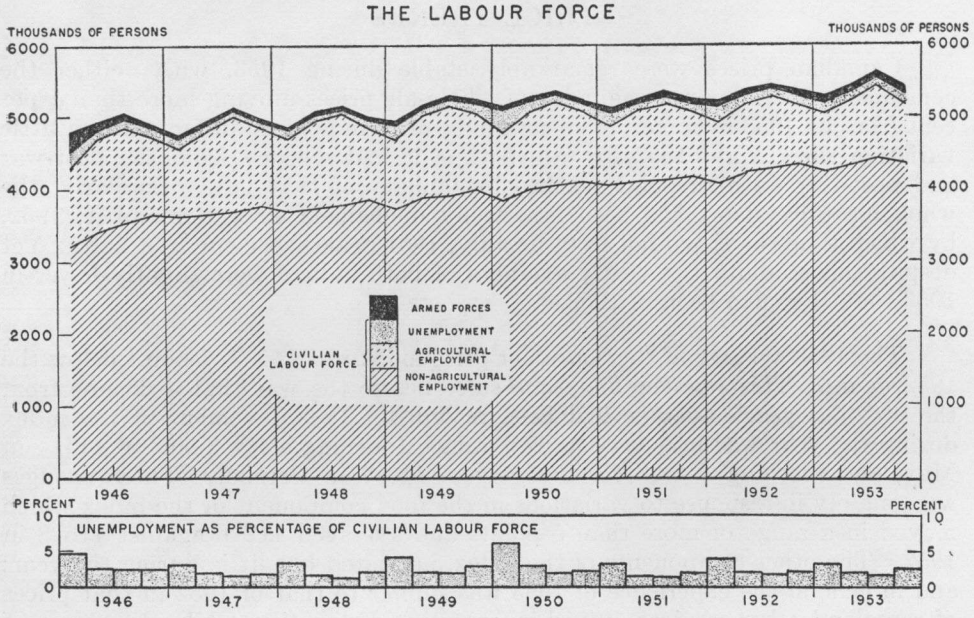
[2] Revised.

During 1953 there was an increase of 82,000 in the number of paid workers. Thus, the 8 per cent rise in labour income amounted to about 6 per cent when calculated on the basis of earnings per worker. The annual average earnings per paid worker rose by about $160 to $2,970. As in the previous year, this increase was possible because higher hourly rates of pay more than offset the effect of a fractionally shorter working week. In 1953, hours worked in manufacturing averaged 41·3 per week compared with 41·5 a year earlier, while hourly rates of pay rose from $1.32 in December, 1952, to $1.38 in December, 1953.

Employment conditions improved in the first three quarters of the year 1953. However, this improvement was not maintained at year-end and in the latter months of the year there was a decline from the very high levels of employment which had characterized 1953 up to that time. This was in contrast to the experience of 1952 in which, partly because of abnormally favourable climatic conditions, employment conditions had been very satisfactory at year-end although the beginning of the year was marked by some hesitation.

In addition to the increase in the number of persons with jobs in the first three quarters of 1953, there was, as in 1952, a decline in the number of persons working short-time. The number of persons working short-time averaged 91,000 less than in 1952 with the principal improvement in this regard occurring in the first two or three quarters of the year.

Persons without jobs and seeking work averaged 136,000 in 1953 compared with 128,000 in 1952. In both years the figure amounted to 2·5 per cent of the labour force. For the greater part of 1953 unemployment was lower than in 1952. However, the number of persons without jobs and seeking work rose to 190,000 in December, 1953, compared with 131,000 for the same month in 1952. This trend continued into January and February of 1954, in which months the figures stood at 280,000 and 312,000 respectively, or 93,000 and 133,000 above the levels of the comparable months in 1953.



To some extent the increased unemployment has been due to more severe climatic conditions than those which obtained in the exceptionally open winter months of 1952-53. At the same time, however, certain changes have been taking place in the economy, as receding inflationary forces allowed increased competition to make itself felt in a number of industries. Thus, while by far the largest share of the increased unemployment was accounted for by construction, logging and lumbering activities, widely scattered increases were noted in almost all fields, with clerical, transportation, metal-working, textile, and miscellaneous activities being the groups most particularly affected.

The civilian labour force, which includes both the employed and the unemployed, averaged 5,325,000 for 1953, an increase of 68,000, or a little more than 1 per cent over 1952. This increase of 68,000 in the labour force was accompanied by a rise of 60,000 in average employment. The number of persons employed in non-agricultural industry continued to rise while the number of those with jobs in agriculture is estimated to have declined by 33,000 in 1953. This compares with the previous year's decline of 48,000 in the number of agricultural workers and marks a continuation of the shift from rural to urban occupations.

In addition to the civilian labour force there were 106,000 men and women in the Armed Forces in 1953, compared with 98,000 in 1952. The percentage of the non-institutional civilian population over 14 years of age in the civilian labour force continued to decline slightly, and was 53·1 per cent in 1953 compared with 53·4 per cent in 1952.

During 1953 industrial disputes were much less prevalent than in the preceding year; the total of 1,322,900 working days lost in this way was less than half the 2,880,000 man working days lost in 1952.

PRICE TRENDS

Canadian prices were remarkably stable during 1953, with neither the consumer price index nor the index of wholesale prices moving more than 1 per cent from its 1953 average. The consumer price index has, in fact, shown little variation since May, 1952, by which time it had receded from the post-war and post-Korean high point reached in January of that year. Similarly, the wholesale price index has been practically unchanged since September, 1952, by which time the sharp fall from its July, 1951 peak had come to a halt. Yet despite this stability the yearly averages of both indices were slightly lower in 1953 than they had been in 1952.

The 1953 average of the consumer price index was 115·5, 1 point below the 1952 figure. This was the first time since before the war that a decline from the previous year's average had been recorded. The movement of the index during the year was in a very narrow range, touching a low point of 114·4 in May, and reaching a high for the year of 116·7 in October. These changes were mainly in response to variations in the food component of the index which moved in a range of more than 5 points and averaged 112·6 against 116·8 in 1952. The other components of the index fluctuated but little during the year; and in general the experience of 1953 was similar to that of 1952 in that prices of rents and other services moved in an upward direction while the prices of

CANADIAN WHOLESALE AND CONSUMER PRICE INDEXES

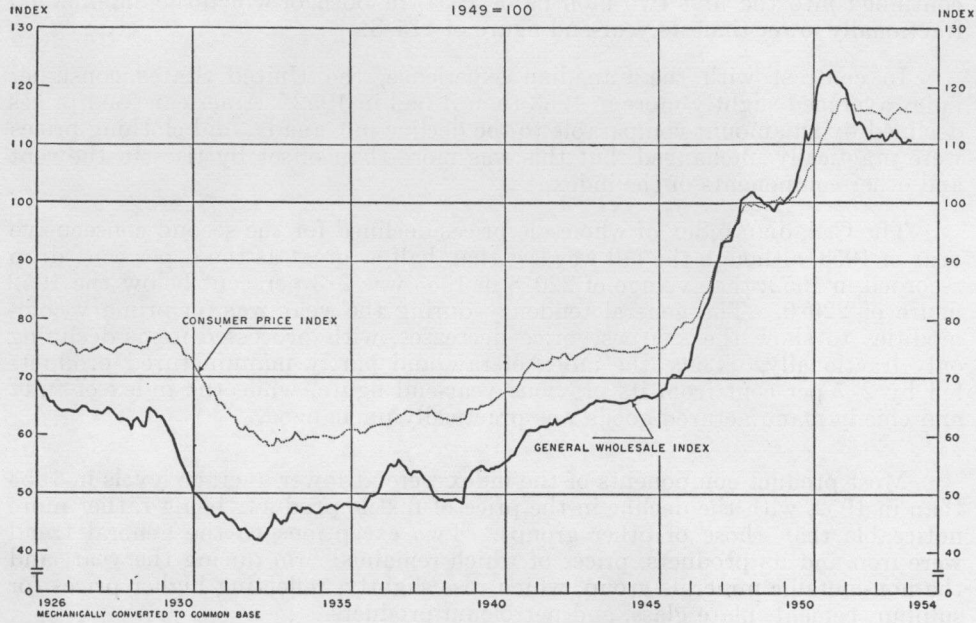


TABLE 14

WHOLESALE PRICE INDEXES

(1935-39=100)

—	General Wholesale Prices	Fully and Chiefly Manufactured Goods	Canadian Farm Products
1939	99·2	101·9	92·6
1940	108·0	109·9	96·1
1941	116·4	118·8	106·6
1942	123·0	123·7	127·1
1943	127·9	126·9	145·4
1944	130·6	129·1	155·3
1945	132·1	129·8	166·4
1946	138·9	138·0	179·5
1947	163·3	162·4	192·2
1948	193·4	192·4	232·1
1949	198·3	199·2	228·7
1950	211·2	211·0	236·7
1951	240·2	242·4	268·6
1952	226·0	230·7	250·2
1953	220·8	229·1	219·5
1953—January	221·5	229·0	234·0
February	220·9	228·8	229·9
March	221·9	229·2	228·1
April	219·6	227·9	221·7
May	220·1	228·3	224·2
June	221·7	230·4	226·6
July	221·2	229·6	226·5
August	222·4	230·1	213·6
September	221·5	230·2	208·9
October	220·7	230·0	208·5
November	218·8	228·1	204·9
December	219·0	227·6	206·8
1954—January	219·8	227·8	209·4
February	219·0	227·3	208·8

Note: 1953 Indexes are preliminary. The Canadian Farm Products index is revised up to July but reflects initial rather than final payments for subsequent months.

foods tended to be lower. The notable stability of the consumer price index continued into the first two months of 1954, in both of which the index stood fractionally lower than its year-end figure of 115·8.

In contrast with the Canadian experience, the United States consumer index averaged slightly more in 1953 than it had in 1952. American food prices declined by an amount comparable to the decline in Canada, and clothing prices were practically unchanged, but this was more than offset by rises in the rent and other components of the index.

The Canadian index of wholesale prices declined for the second consecutive year in 1953, although the fall was less than half as great as the 6 per cent drop recorded in 1952; the average of 220·8 in 1953 was 2·3 per cent below the 1952 figure of 226·0. The general tendency during the year was for primary commodities to show the sharpest price decreases, with processed items declining only fractionally. Thus, the index of raw and partly manufactured products fell by 2·7 per cent from its previous year-end figure, while the index of fully and chiefly manufactured goods was practically unchanged.

Most product components of the index were at lower average levels in 1953 than in 1952, with the decline in the price of textile products being rather more noticeable than those of other groups. Two exceptions to the general trend were iron and its products, prices of which remained firm during the year, and the non-metallic minerals group, which rose slightly, reflecting higher prices for sulphur, cement, plate glass, and petroleum products.

TABLE 15

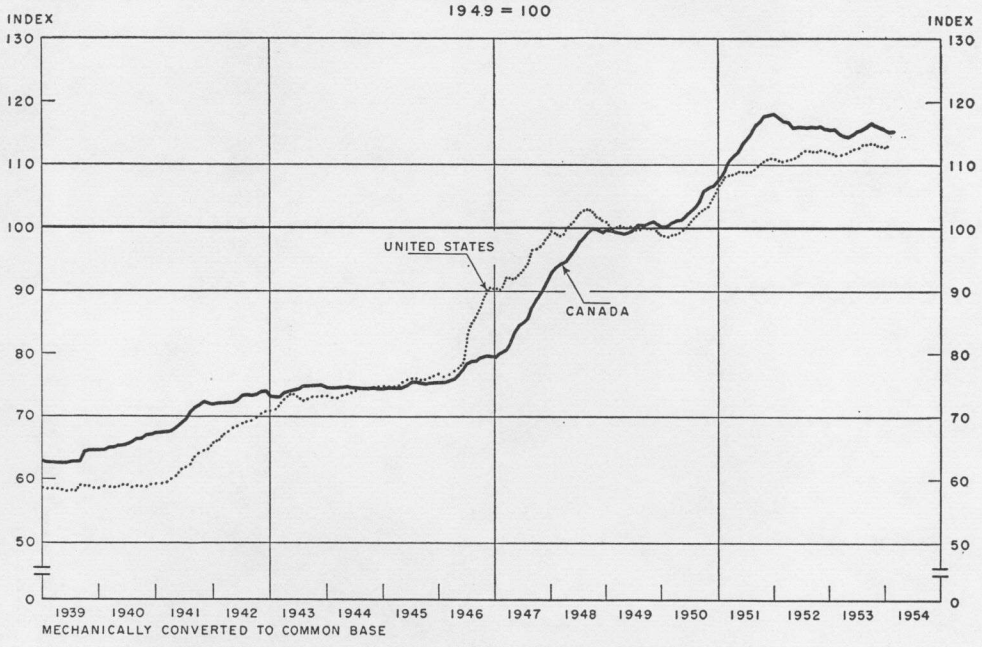
CONSUMER PRICE INDEXES

—	Canada		United States	
	Total	Food	Total	Food
	1949=100		1947-49=100	
1939	63·2	50·2	59·4	47·1
1940	65·7	52·6	59·9	47·8
1941	69·6	57·9	62·9	52·2
1942	72·9	63·4	69·7	61·3
1943	74·2	65·2	74·0	68·3
1944	74·6	65·5	75·2	67·4
1945	75·0	66·3	76·9	68·9
1946	77·5	70·0	83·4	79·0
1947	84·8	79·5	95·5	95·9
1948	97·0	97·5	102·8	104·1
1949	100·0	100·0	101·8	100·0
1950	102·9	102·6	102·8	101·2
1951	113·7	117·0	111·0	112·6
1952	116·5	116·8	113·5	114·6
1953	115·5	112·6	114·4	112·8
1953—January	115·7	113·5	113·9	113·1
February	115·5	112·7	113·4	111·5
March	114·8	111·6	113·6	111·7
April	114·6	110·9	113·7	111·5
May	114·4	110·1	114·0	112·1
June	114·9	111·4	114·5	113·7
July	115·4	112·7	114·7	113·8
August	115·7	112·8	115·0	114·1
September	116·2	114·0	115·2	113·8
October	116·7	115·5	115·4	113·6
November	116·2	113·4	115·0	112·0
December	115·8	112·1	114·9	112·3
1954—January	115·7	111·6	115·2	113·1
February	115·7	111·7	—	—

Despite the steadiness of the general price level, prices of individual commodities showed somewhat more variation in 1953 than they have in recent years. Demand, although still strong, became more selective, while at the same time shortages ceased to be the rule on the supply side. Relative, rather than general, demand and supply conditions became more important in the year just ended, and many commodity prices moved in opposite directions during the year. On the higher side were pork and pork products, cocoa, coffee, pig-iron, and copper, while beef, rubber, steel scrap, lead, and zinc were among those which moved lower.

The over-all stability of the index of wholesale prices in Canada in 1953 was closely matched by the experience of the United States and the United Kingdom. Wide variations in individual commodity prices, and a tendency for the index as a whole to move somewhat lower, were noticeable in all three countries during the year.

CONSUMER PRICE INDEXES



PART II

REVIEW OF GOVERNMENT ACCOUNTS 1953-54

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PART II

REVIEW OF GOVERNMENT ACCOUNTS

1953–54

1. INTRODUCTION

Although the Government's fiscal year ended on March 31, the figures which are presented in this Part must be regarded as preliminary and subject to revision for the books must remain open for several weeks in order to record various adjusting entries and to take into account all payments up to and including April 30 made on account of expenditures originating in and properly chargeable to the fiscal year 1953-54. Consequently it is to be expected that the final figures when they become available next August will show some variations from those given in the following pages.

2. HIGHLIGHTS OF GOVERNMENTAL FINANCIAL OPERATIONS DURING 1953-54

The budgetary revenues of the Government for the fiscal year ended March 31, 1954 are now estimated at $4,400 million. This is $73 million or about 1½ per cent less than the amount of $4,473 million forecast in last year's budget speech and approximately $39 million more than the total collected in the preceding year.

Budgetary expenditures are estimated at $4,390 million, which is $72 million or 1½ per cent less than the budget forecast and about $53 million more than the total spent in 1952-53.

On the basis of these figures the indicated surplus is about $10 million compared with the budget forecast of $11 million for the year and with $24 million for the fiscal year ended March 31, 1953.

On the revenue side of the Government's budgetary operations, the most significant feature was the continued buoyancy of the revenues, which despite the tax reductions announced in the 1953 budget, were the largest on record. Direct taxes, which include personal and corporation income taxes declined by $35 million, but this decrease was more than offset by increases of $47 million in indirect taxes (due largely to excise taxes and customs import duties) and of $37 million in non-tax revenues.

On the expenditure side, the most noteworthy feature was the continued importance of defence in the Government's expenditure programme. In 1953-54, defence expenditures were $1,890 million or approximately 43 per cent of the total budgetary expenditures for the year. This is approximately $82 million or about 4 per cent less than the corresponding total in the preceding year when defence expenditures constituted 45 per cent of the Government's total budgetary outlay.

Although the budgetary surplus was $10 million, the Government made loans, advances and other non-budgetary disbursements of about $429 million, and at the same time reduced the amount of its unmatured funded debt outstanding in the hands of the public by approximately $273 million. The manner in which this has been achieved can be understood more readily by taking an over-all view of the Government's cash transactions for the fiscal year.

As explained in the section on "The Cash Position", the budgetary surplus of $10 million for the fiscal year does not measure the full impact of Government operations in 1953-54 upon the Canadian economy. Substantial sums were received and paid out for extra-budgetary purposes, such as the loans and advances which the Government is authorized to make and the transactions in connection with the many insurance, pension, annuity and deposit and trust accounts which it is required or has undertaken to hold or administer.

These non-budgetary disbursements are estimated at $429 million and include $146 million invested in or loaned to the Canadian National Railways for capital expenditures on additions and betterments and the acquisition of new rolling stock and equipment, $93 million advanced to Central Mortgage and Housing Corporation for house construction and for housing loans, and $45 million loaned to the Old Age Security Fund to finance pension payments out of the Fund which were not covered by old age security tax receipts. More than offsetting these are non-budgetary receipts and credits amounting to $811 million of which the two principal items were $446 million from the repayment of sundry loans and investments (of which $147 million represents the repayment by the C.N.R. of government loans out of the proceeds of the $200 million loan to the public which was issued early in 1954); and $365 million from net annuity, pension and other liability account receipts.

After taking into account the budgetary surplus of $10 million and the net balance of $383 million available from non-budgetary transactions, $393 million was available for debt reduction. Unmatured funded debt in the hands of the public decreased by approximately $273 million during the year, and the Government's year end cash balances increased by $120 million.

3. THE BUDGETARY ACCOUNTS

Total revenues, at $4,400 million for 1953-54, were $39 million over the total for 1952-53. Total expenditures at $4,390 million were $53 million more than in the previous fiscal year. The surplus for the fiscal year was $10 million as compared with a surplus of $24 million for 1952-53.

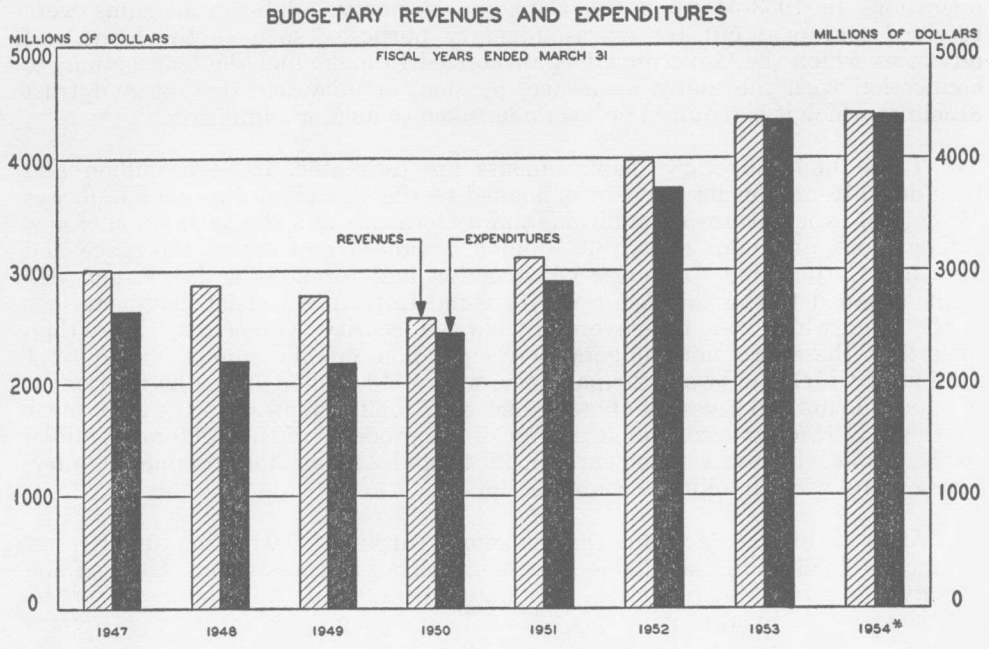
A summarized statement of the estimated revenues and expenditures and surplus for the fiscal year ended March 31, 1954, with the actual figures for the fiscal years ended March 31, 1947 to 1953, inclusive, is given in the following table:

TABLE I

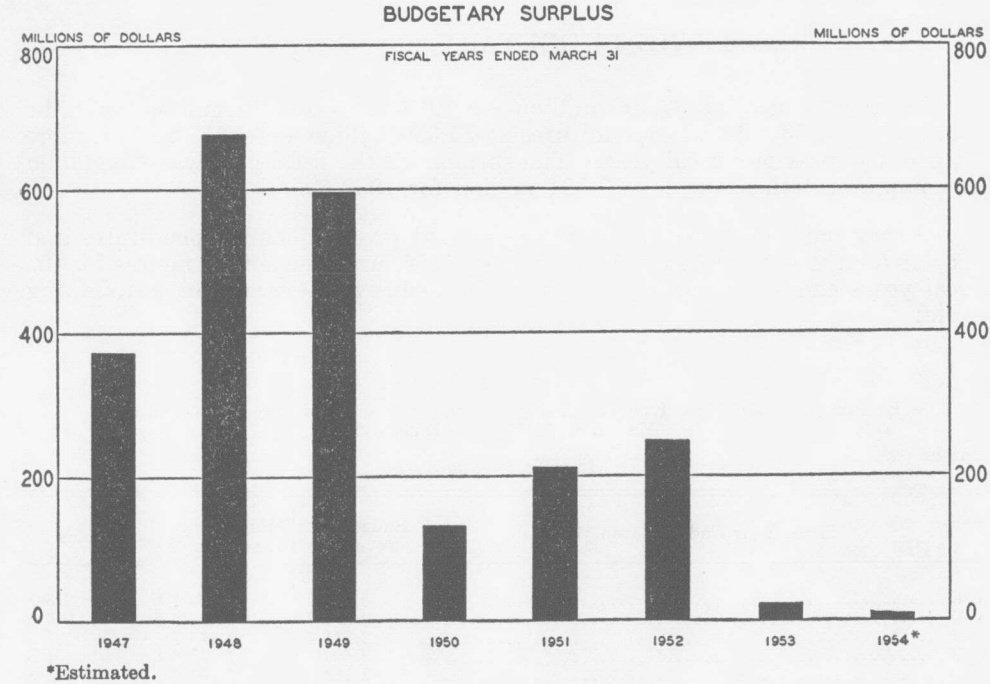
BUDGETARY REVENUES, EXPENDITURES AND SURPLUS FOR THE FISCAL YEARS ENDED MARCH 31, 1947 TO 1954 INCLUSIVE

(In millions of dollars)

Fiscal Year Ended March 31	Budgetary Revenues	Budgetary Expenditures	Surplus
1947	3,007·9	2,634·2	373·7
1948	2,871·7	2,195·6	676·1
1949	2,771·4	2,175·9	595·5
1950	2,580·1	2,448·6	131·5
1951	3,112·5	2,901·2	211·3
1952	3,980·9	3,732·9	248·0
1953	4,360·8	4,337·3	23·5
1954 (Estimated)	4,400·1	4,390·0	10·1



*Estimated.



*Estimated.

A. Analysis of Revenues

Total budgetary revenues amounted to $4,400·1 million in the fiscal year 1953-54 and were $39·3 million or about 1 per cent higher than the previous record of $4,360·8 million received in 1952-53. Of the total revenues for the fiscal year $2,476·7 million or 56·3 per cent were derived from direct taxes, $1,532·3 million or 34·8 per cent from indirect taxes and the remaining $391·1 million or 8·9 per cent from non-tax revenues and special receipts and credits.

A statement of estimated revenues for 1953-54 classified by major categories, and the corresponding actual figures for 1952-53 is given in Table II.

TABLE II

Statement of Budgetary Revenues by Major Classifications for the Fiscal Years Ended March 31, 1954 and March 31, 1953

(In millions of dollars)

Source	Fiscal Year Ended March 31				Increase or Decrease (−)	
	1954 (Estimated)		1953			
	Amount	Per cent	Amount	Per cent	Amount	Per cent
Ordinary revenues—						
Direct taxes—						
Personal income tax*	1,189·3	27·0	1,180·0	27·1	9·3	0·8
Taxes on interest, dividends, etc., going abroad	54·0	1·2	53·7	1·2	0·3	0·6
Corporation income tax*	1,193·4	27·2	1,240·1	28·4	−46·7	−3·8
Succession duties	40·0	0·9	38·1	0·9	1·9	5·0
Total direct taxes	2,476·7	56·3	2,511·9	57·6	−35·2	−1·4
Indirect taxes—						
Customs import duties	408·0	9·3	389·4	8·9	18·6	4·8
Excise duties	228·0	5·2	241·4	5·6	−13·4	−5·6
Excise taxes*	882·0	20·0	841·9	19·3	40·1	4·8
Other taxes	14·3	0·3	13·0	0·3	1·3	10·0
Total indirect taxes	1,532·3	34·8	1,485·7	34·1	46·6	3·1
Total tax revenues	4,009·0	91·1	3,997·6	91·7	11·4	0·3
Non-tax revenues—						
Post Office	111·5	2·5	111·9	2·6	−0·4	−0·4
Return on investments	147·5	3·4	116·9	2·7	30·6	26·2
Premium, discount and exchange	3·9	0·1	1·5	.....	2·4	160·0
Other non-tax revenues	54·5	1·2	49·8	1·1	4·7	9·4
Total non-tax revenues	317·4	7·2	280·1	6·4	37·3	13·3
Total ordinary revenues	4,326·4	98·3	4,277·7	98·1	48·7	1·1
Special receipts and credits	73·7	1·7	83·1	1·9	−9·4	−11·3
Total revenues	4,400·1	100·0	4,360·8	100·0	39·3	0·9

* Excluding tax credited to Old Age Security Fund—

	1953-54	1952-53
2% personal income tax	90·7 million	45·2 million
2% corporation income tax	55·6 "	36·9 "
2% sales tax	147·7 "	141·6 "
	294·0 "	223·7 "

(1) Direct Taxes

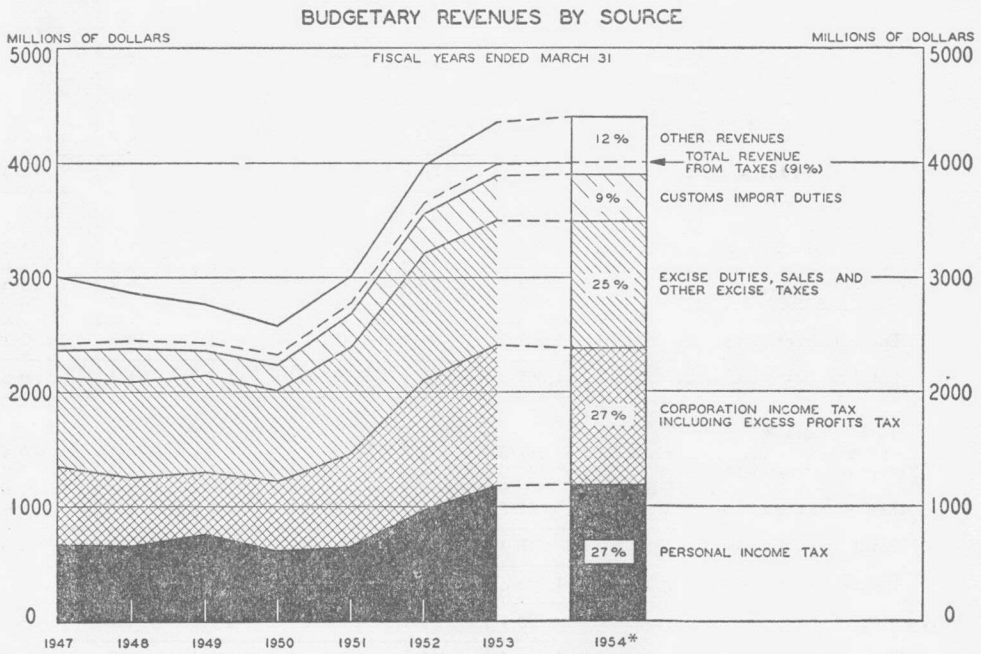
Tax on Personal Incomes

Personal income tax (excluding the old age security tax) yielded a total of $1,189·3 million in 1953-54, an increase of $9·3 million or 0·8 per cent over the previous year. Deductions at the source from salary and wages since July 1, 1953, have been made at rates averaging about 11 per cent less than those applicable in the corresponding period of 1952-53. In addition, that part of personal income tax revenue which is paid in quarterly instalments, and as balances with returns, has been based in 1953-54 on lower rates than in the previous year. The effect of these two factors however has been more than offset by the increase in personal incomes during the year.

In addition the 2 per cent tax on personal incomes levied under the Old Age Security Act yielded an estimated amount of $90·7 million during 1953-54 compared with $45·2 million in 1952-53. These collections were credited to the Old Age Security Fund.

Taxes on Interest, Dividends, Rents and Royalties Going Abroad

Revenues under this heading are derived from withholding taxes on payments of interest, dividends, rents and royalties made to non-residents. The estimated total of $54 million compares with $53·7 in 1952-53.



* Estimated.

Corporation Income Tax

Corporation income tax (excluding the old age security tax) yielded revenues of $1,193·4 million in 1953-54, a decrease of $46·7 million or 3·8 per cent from the previous year's total of $1,240·1 million. While this decrease is due partly to the fact that corporate profits in 1953 were somewhat less than in 1952 it is attributable mainly to the reduction in rates of tax announced in the 1953 budget, applicable to profits earned after January 1, 1953. The 1953 budget imposed rates of 18 per cent on the first $20,000 of profits and 47 per cent on

profits in excess of $20,000; the former rates had been 20 per cent on the first $10,000 of profits and 50 per cent on profits in excess of $10,000. Also, in 1953 the allowable deduction from federal tax of 5 per cent of taxable income earned in the Province of Quebec was increased to 7 per cent.

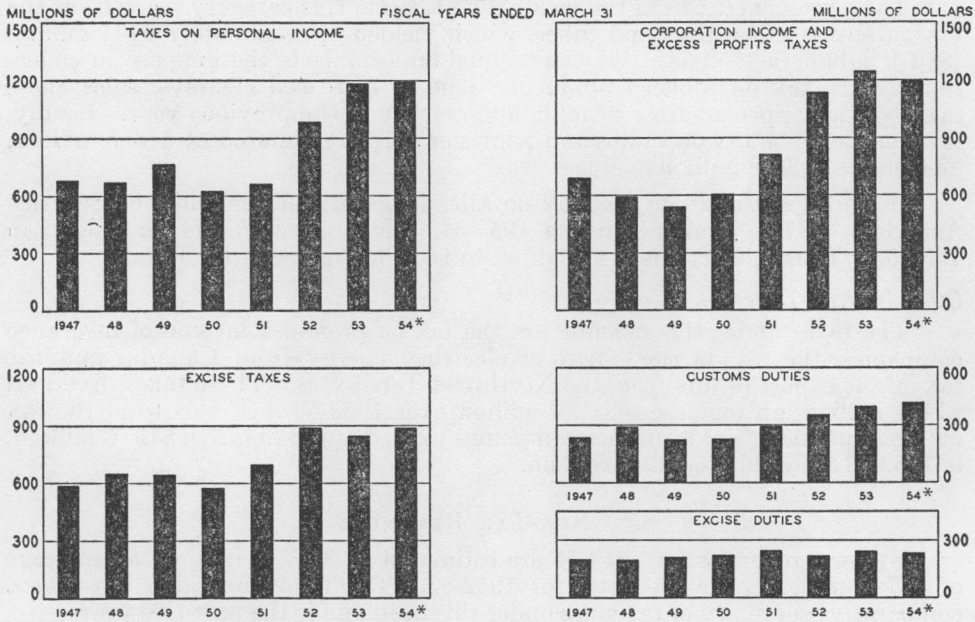
The total revenue from corporation income tax includes $9 million paid by corporations paying the 15 per cent tax on their undistributed income. This compares with $10·2 million collected from this source in 1952-53.

In addition the 2 per cent tax levied on corporate profits under the Old Age Security Act yielded $55·6 million during 1953-54 as compared with $36·9 million in 1952-53. These collections were credited to the Old Age Security Fund.

Succession Duties

Revenues from succession duties were $40 million in 1953-54, an increase of $1·9 million or 5 per cent over the previous year.

PRINCIPAL SOURCES OF TAX REVENUES



* Estimated.

(2) Indirect Taxes

Customs Import Duties

Net revenue from customs import duties for the year were $408 million, an increase of 4·8 per cent over the 1952-53 total of $389·4 million. The increase in revenue corresponds to the increase in total value of imports.

Excise Duties

Excise duties are levied exclusively on alcoholic beverages and tobacco products. (Additional taxes are levied under the Excise Tax Act on tobacco products). The revenue from excise duties for the year was $228 million, a decrease of $13·4 million from the previous year's yield of $241·4 million. The decrease is due to the fact that the rates of duty on cigarettes were reduced in the 1953 budget. The decrease in revenue from cigarettes is partly offset by an increase in the revenue from spirits.

Gross receipts from excise duties, before deducting refunds, are divided as follows: $133 million from alcoholic beverages ($127·7 million in 1952-53), and $98 million from tobacco products ($116·9 million in 1952-53).

Excise Taxes

Net excise tax collections (excluding the 2 per cent old age security sales tax) are estimated at $882 million in 1953-54, an increase of $40·1 million over the previous year.

The sales tax, from the standpoint of revenue, is the principal tax levied under the Excise Tax Act. Despite new exemptions from the sales tax announced in the 1953 budget which were estimated to reduce revenue by about $8 million, the gross revenue from sales tax was $612 million, an increase of $28·2 million compared with $583·8 million in 1952-53. Since there was no substantial changes in the general price level during the year, the increase is attributed to higher production and imports.

Excise taxes other than sales tax yielded approximately $290 million, or $11·5 million more than in 1952-53. This increase occurred in spite of the fact that the stamp taxes on cheques, money orders, and security transfers, which yielded $10·6 million in 1952-53, were repealed in the 1953 budget.

The largest increases in the yields from taxes in this category were from the tax on automobiles, tires and tubes, which yielded approximately $101 million ($89·9 million in 1952-53). Of nearly equal importance is the increase in collections of the tax on tobacco products. Due to increased cigarette sales these taxes yielded approximately $7 million more than in the previous year. Finally, revenue from the tax on radios and television sets is estimated at $16·5 million, an increase of $5·8 million over last year.

In addition the 2 per cent tax on sales levied under the Old Age Security Act yielded $147·7 million during 1953-54, compared with $141·6 million in 1952-53. These collections are credited to the Old Age Security Fund.

Other Indirect Taxes

The taxes under this heading are the tax on premium income of insurance companies, the tax on the export of electrical energy from Canada, and the tax on the export of furs from the Northwest Territories. These taxes produced $14·3 million, an increase of $1·3 million over 1952-53. Of this total the tax on premium income of insurance companies yielded approximately $13·6 million, in 1952-53 the yield was $12·4 million.

(3) Non-Tax Revenues

Non-tax revenues for 1953-54 are estimated at $317·4 million, an increase of $37·3 million over the total for 1952-53. The following table presents a comparative summary of revenues under this heading for the past two years:

TABLE III

Non-Tax Revenues for the Fiscal Years Ended March 31, 1954, and March 31, 1953

(In millions of dollars)

—	Fiscal Year Ended March 31		Increase or Decrease (−)
	1954 (Estimated)	1953	
Post Office	111·5	111·9	−0·4
Return on investments	147·5	116·9	30·6
Premium, discount and exchange	3·9	1·5	2·4
Bullion and coinage	4·8	4·4	0·4
Privileges, licences and permits	12·7	11·3	1·4
Proceeds from sales	4·6	5·2	−0·6
Services and service fees	17·6	17·2	0·4
Refunds of previous years' expenditures	12·0	9·3	2·7
Miscellaneous	2·8	2·4	0·4
Total non-tax revenues	317·4	280·1	37·3

Post Office

Gross post office receipts for 1953-54 are expected to amount to $129·8 million. After making authorized disbursements from revenue of $18·3 million for salaries and rent allowances at semi-staff and revenue offices, commissions at sub-offices, transit charges on Canadian mail forwarded through or delivered in foreign countries, etc., net post office receipts credited to budgetary revenues are estimated at $111·5 million. A small increase of $0·5 million in gross receipts over the corresponding amount received in 1952-53 is more than offset by an increase of $0·9 million in payments from revenue, due mainly to an increase in remuneration paid to revenue postmasters and their assistants. Costs of operating the Post Office during 1953-54 (excluding the $18·3 million charged to revenue) are expected to total $114 million and thus will exceed net revenue by approximately $2·5 million. However, in making this comparison it is to be noted that the total shown for post office revenues does not reflect any payment for the franking privilege covering parliamentary and departmental mail or for other special services provided for other government departments and agencies, nor does the total shown for operating expenses reflect any charges for premises occupied by the Post Office Department or for certain accounting and miscellaneous services provided by other departments.

Return on Investments

Return on investments is expected to yield $147·5 million, an increase of $30·6 million over the total of $116·9 million received in 1952-53. Half of this increase is attributable to the profits of the Bank of Canada, which for the calendar year 1953 were $15·1 million above those for the previous year. Also contributing to the increase in 1953-54 is the estimated surplus of $10 million to be turned over by Canadian Arsenals Limited; the corresponding item for 1952-53 of $6·1 million was included in special receipts and credits. There were also increases in interest received during 1953 from the Canadian National Railways and Central Mortgage and Housing Corporation of $3·8 million and $1·9 million respectively. In addition $2·2 million is included in revenues representing surplus funds in excess of the $5 million reserve established by Central Mortgage and Housing Corporation which are payable to the Receiver General; in prior years the corresponding amounts were credited to special receipts and credits. The principal item offsetting these increases was a decrease of $6·4 million in the amount of dividends and interest received from Polymer Corporation Limited, due mainly to the fact that there was no receipt in 1953 comparable to the special dividend of $6 million paid by the Corporation in 1952.

A comparative summary of estimated receipts during 1953-54 with actual receipts during 1952-53 under this heading is given in the following table:

TABLE IV

RETURN ON INVESTMENTS FOR THE FISCAL YEARS ENDED MARCH 31, 1954, AND MARCH 31, 1953

(In millions of dollars)

—	Fiscal Year Ended March 31		Increase or Decrease (−)
	1954 (Estimated)	1953	
Loans to, and investments in, Crown Agencies—			
Bank of Canada	44·1	29·0	15·1
Exchange Fund account	16·3	14·8	1·5
Central Mortgage and Housing Corporation	13·3	9·2	4·1
Canadian Arsenals Limited	10·0	.....	10·0
Canadian National Railways	6·7	2·9	3·8
National Harbours Board	4·3	5·0	−0·7
Polymer Corporation Limited	3·2	9·6	−6·4
Other Crown agencies	1·6	1·4	0·2
	99·5	*71·9*	*27·6*
Other loans and investments—			
United Kingdom	23·1	23·4	−0·3
Other national governments	12·6	12·6	.....
Provincial and municipal governments	1·1	1·2	−0·1
Soldier and general land settlement loans and Veterans' Land Act advances	5·1	4·7	0·4
Securities investment account	2·3	1·8	0·5
Sinking fund and other investments held for retirement of unmatured funded debt	2·4	0·7	1·8
Other loans and investments	1·4	0·6	0·7
	48·0	*45·0*	*3·0*
	147·5	116·9	30·6

Premium, Discount and Exchange

The amount credited to premium, discount and exchange in 1953-54 was $3·9 million compared with a credit of $1·5 million in 1952-53. This revenue item arises mainly from accounting adjustments in asset and liability accounts to reflect a reduction in U.S. dollar and sterling exchange rates from those operative in the fiscal year 1952-53. It is estimated that the Canadian dollar equivalent of outstanding debt payable in sterling and in United States dollars will be reduced in consequence of this revaluation by $4·8 million, offset by $2·5 million reduction in assets payable in these currencies. The result is a net credit in the premium, discount and exchange account of $2·3 million. Net differences in rates on current gold and foreign exchange transactions are expected to account for a further credit of $1·6 million, resulting in a net revenue item of $3·9 million.

(4) SPECIAL RECEIPTS AND CREDITS

Special receipts and credits are expected to total $73·7 million for the fiscal year 1953-54 compared with a total of $83·1 million received in the previous year. A comparative summary of the sources of special receipts and other credits for the last two years is presented in the following table:

TABLE V

SPECIAL RECEIPTS AND CREDITS FOR THE FISCAL YEARS ENDED MARCH 31, 1954 AND MARCH 31, 1953

(In millions of dollars)

—	Fiscal Year Ended March 31		Increase or Decrease (−)
	1954 (Estimated)	1953	
Transfer to revenue of provincial 5 per cent corporation income tax suspense account pursuant to the 1952 tax rental agreements	46·9	45·0	1·9
Proceeds from the sale of Crown assets	17·1	7·6	9·5
Central Mortgage and Housing Corporation—			
Profits paid to Receiver General	(1)	2·1	−2·1
Proceeds and depreciation reserve with respect to the sale of wartime housing properties	5·2	6·7	−1·5
Transfer to revenue of Canadian Wheat Board suspense account	.....	6·3	−6·3
Surplus of Canadian Arsenals, Limited	(1)	6·1	−6·1
Write up to active assets—Atomic Energy of Canada, Limited—capital stock	.....	4·8	−4·8
Miscellaneous special receipts	4·5	4·5	.....
	73·7	83·1	−9·4

(1) Included in Return on Investments in 1953-54.

The amount of $46·9 million represents the transfer to revenue of the balance of the provincial 5 per cent corporation income tax suspense account. A fuller explanation may be found in the section on Sundry Suspense Liabilities.

$17·1 million was received during the fiscal year from the sale of Crown assets. Of this amount $7·9 million was received from the Crown Assets Disposal Corporation representing the amount realized from the disposal of surplus Crown assets after allowing for transfers to active assets of amounts applicable to "Balances receivable under agreements of sale of Crown assets". It does not include the residual cash balances nor the value of accounts receivable carried by the corporation as at March 31, 1954.

The remaining $9·2 million under this heading consists of two amounts received under agreements of sale. Crown-owned land and buildings were sold by the Department of Defence Production to A. V. Roe Canada Limited for approximately $17 million. During the fiscal year cash payments of $9 million were received; the balance is set up under "Other loans and investments" as "Balances receivable under agreements of sale of Crown assets." Also under an agreement of sale Crown-owned machine tools and equipment were sold by the Department of Defence Production to Weatherhead Company of Canada Limited for approximately $700,000. A cash payment of $200,000 was received during the fiscal year, and the balance set up under "Other loans and investments" as "Balances receivable".

An estimated amount of $5·2 million is included as revenues received from Central Mortgage and Housing Corporation representing the proceeds of the sale of wartime housing properties including depreciation provisions set aside in previous years by the corporation on properties that have now been sold. In addition, an estimated amount of $11·1 million for interest on loans to the corporation and $2·2 million representing profits in excess of the $5 million reserve established by the corporation was received. Both these amounts are credited to "Return on investments" in the current year. In 1952-53 profits of $2·1 million were credited to special receipts as shown in the table.

The Budget—Appendix

(5) Comparison of Actual Revenue with Budget Forecast

Total budgetary revenues for 1953-54, excluding revenue from the old age security taxes, as now estimated were about $73 million less than the forecast made in the budget speech of February 19, 1953. This represents a shortfall of about 1½ per cent. Revenues from personal income tax, corporation income tax and excise duties were less than expected, while revenues from customs import duties, sales tax and other excise taxes exceeded expectations.

The following table shows the extent to which actual revenues as now estimated differ from the budget forecast.

TABLE VI

Comparison of Budget Forecast with Actual Revenues for Fiscal Year Ended March 31, 1954

(In millions of dollars)

Source of Revenues	Budget Forecast of Revenues	Actual Revenues (Estimated)	Increase or Decrease(−) compared with Budget Forecast
Personal income tax	1,250·0	1,189·3	−60·7
Non-resident income taxes	55·0	54·0	−1·0
Corporation income tax	1,228·0	1,193·4	−34·6
Succession duties	40·0	40·0	
Customs import duties	395·0	408·0	13·0
Excise duties	265·0	228·0	−37·0
Sales tax (net)	580·0	592·0	12·0
Other excise taxes	285·0	290·0	5·0
Miscellaneous taxes	10·0	14·3	4·3
Total tax revenues	4,108·0	4,009·0	−99·0
Non-tax revenues	290·0	317·4	27·4
Total ordinary revenues	4,398·0	4,326·4	−71·6
Special receipts and credits	75·0	73·7	−1·3
Total budgetary revenues	4,473·0	4,400·1	−72·9

The revenue from personal income tax was $61 million or nearly 5 per cent less than the budget forecast. The deficiency is due mainly to the fact that refunds of tax were considerably more than expected.

Corporation income tax collections are approximately $35 million less than the budget forecast which was based on the assumption that 1953 profits would be larger than in 1952. Preliminary indications are that 1953 profits did not reach the expected level.

Customs duties yielded approximately $13 million more than the budget forecast. This is attributed to record values of imports in the early months of the fiscal year.

Revenue from excise duties fell short of the budget forecast by about 14 per cent. This difference arises from a combination of causes of which the most important is the fact that the budget forecast was based on an estimate of receipts in 1952-53 which turned out to have been too high. In addition the use of malt did not increase in step with the increase in beer sales resulting in the revenue from this source falling below expectations. Finally the reduction in the excise duty revenue from tobacco products as a result of the reductions in the tax on cigarettes announced in the 1953 budget was greater than anticipated although this was partly offset by higher revenues from the excise tax on cigarettes.

Sales tax exceeded the budget forecast by about $12 million or 2 per cent. The strength of this revenue source in 1953-54 is indicative of the high level of consumer spending.

The excess of non-tax revenues over the budget forecast is attributable largely to the fact that revenues from return on investments were much larger than anticipated, reflecting the increased earnings of the Bank of Canada for the calendar year 1953, and the fact that profits of Canadian Arsenals Limited and Central Mortgage and Housing Corporation which in 1952-53 were credited to "Special receipts and credits" were in 1953-54 included as "Return on investments".

While special receipts and credits are very difficult to estimate with any high degree of accuracy, the budget forecast of $75 million for 1953-54 appears to have been very close to the actual amount received.

B. Expenditures

The table which follows presents a comparative summary of estimated expenditures by departments and principal purposes for the fiscal year 1953-54, with actual expenditures for the preceding fiscal year.

TABLE VII

Statement of Expenditures by Departments and Major Classifications for the Years Ended March 31, 1954 and March 31, 1953

(In millions of dollars)

	Fiscal Year Ended March 31				Increase or Decrease (−)	
	1954 (Estimated)		1953			
	Amount	Per cent	Amount	Per cent	Amount	Per cent
National Defence	1,839·7	41·9	1,882·4	43·4	−42·7	−2·3
Defence Production	49·9	1·1	88·8	2·0	−38·9	−43·8
	1,889·6	*43·0*	*1,971·2*	*45·4*	*−81·6*	*−4·1*
Public Debt Charges—						
Interest on public debt	476·7	10·9	451·3	10·4	25·4	5·6
Other debt charges	19·7	0·4	13·6	0·3	6·1	44·9
	496·4	*11·3*	*464·9*	*10·7*	*31·5*	*6·8*
Provincial subsidies and tax rental payments (including transitional grant to Newfoundland)	338·1	7·7	338·7	7·8	−0·6	−0·2
Government contributions with respect to civil service superannuation account.	54·5	1·2	38·8	0·9	15·7	40·5
Provision for reserve for possible losses on ultimate realization of active assets.	50·0	1·1	75·0	1·7	−25·0	−33·3
Family allowances	350·1	8·0	334·2	7·7	15·9	4·8
Unemployment Insurance Act—Administration and Government's contribution	58·2	1·3	56·2	1·3	2·0	3·6
Agriculture	109·3	2·5	106·7	2·5	2·6	2·4
Canadian Broadcasting Corporation	24·8	0·6	8·2	0·2	16·6	202·4
Citizenship and Immigration	25·9	0·6	23·6	0·5	2·3	9·7
External Affairs	45·4	1·0	39·3	0·9	6·1	15·5
Finance	30·3	0·7	29·5	0·7	0·8	2·7
Mines and Technical Surveys	37·5	0·9	29·7	0·7	7·8	26·3
National Health and Welfare	80·5	1·8	72·4	1·7	8·1	11·2
National Research Council and Atomic Energy Control Board	28·2	0·7	28·3	0·7	−0·1	−0·4
National Revenue	50·1	1·1	47·3	1·1	2·8	5·9
Northern Affairs and National Resources	19·5	0·5	19·5	0·4		
Post Office	114·0	2·6	105·6	2·4	8·4	8·0
Public Works	114·5	2·6	97·9	2·3	16·6	17·0
Royal Canadian Mounted Police	34·0	0·8	31·1	0·7	2·9	9·3
Trade and Commerce	16·7	0·4	16·5	0·4	0·2	1·2
Transport	120·2	2·7	103·9	2·4	16·3	15·7
Veterans Affairs	239·8	5·5	241·4	5·6	−1·6	−0·7
Other Departments	62·4	1·4	57·4	1·3	5·0	8·7
Grand Total	4,390·0	100·0	4,337·3	100·0	52·7	1·2

The Budget—Appendix

National Defence and Defence Production

Canada's expenditures for defence comprise the expenditures of the Department of National Defence and the Department of Defence Production. Estimated expenditures of the Department of National Defence for the fiscal year 1953-54 were $1,839·7 million as compared with $1,882·4 million for 1952-53, a decrease of $42·7 million, while expenditures of the Department of Defence Production were $49·9 million, a decrease of $38·9 million. Consequently, the combined expenditures of the two departments amounting to $1,889·6 million for the year under review are $81·6 million less than the total of $1,971·2 million for 1952-53. Defence expenditures constituted approximately 43 per cent of all government expenditures in 1953-54, and were, by a considerable margin, the largest class of government expenditure.

The following table shows a comparative summary of expenditures for the two departments for the last two fiscal years:

TABLE VIII

DEFENCE EXPENDITURES FOR THE FISCAL YEARS ENDED MARCH 31, 1954, AND MARCH 31, 1953

(In millions of dollars)

—	Fiscal Year Ended March 31		Increase or Decrease (−)
	1954 (Estimated)	1953	
Department of National Defence—			
Army services	407·2	516·1	−108·9
Navy services	264·5	260·3	4·2
Air services	745·2	768·0	−22·8
	1,416·9	*1,544·4*	*−127·5*
Defence research and development	43·8	43·0	0·8
Government's contribution to the permanent services pension account	35·3	30·0	5·3
Mutual aid to NATO countries	309·2	235·1	74·1
Contributions toward military costs of NATO	12·0	11·3	0·7
Administration and general	22·5	18·6	3·9
	1,839·7	*1,882·4*	*−42·7*
Department of Defence Production—			
Capital assistance	39·5	79·1	−39·6
Administration and general	10·4	9·7	0·7
	49·9	*88·8*	*−38·9*
	1,889·6	1,971·2	−81·6

Total expenditures for the army, navy and air services were $1,416·9 million for 1953-54 as compared with $1,544·4 million for 1952-53, a decrease of $127·5 million. Expenditures for defence research and development, at $43·8 million, were slightly more than for the preceding year.

The Government's contribution to the permanent services pension account, which is equivalent to $1\frac{2}{3}$ times the contributions for permanent services personnel, was $35·3 million for 1953-54, or $5·3 million more than the amount contributed in 1952-53. Of the expenditures for 1953-54, $30·6 million relates to current contributions and $4·7 million to contributions for arrears. In 1952-53, the corresponding amounts were $25·2 million and $4·8 million, respectively.

Expenditures under the Mutual Aid programme which are authorized by Section 3 of the Defence Appropriation Act, 1950, are expected to amount to $309·2 million in 1953-54, an increase of $74·1 million over 1952-53. Under the provisions of this section of the Act, defence equipment and supplies are transferred from Canadian stocks to other parties to the North Atlantic Treaty. The value of equipment and supplies acquired by the services prior to March 31, 1950, and transferred as Mutual Aid, is charged to this appropriation and

credited to a special defence equipment replacement account. The value of the equipment is based on its estimated replacement value. In accordance with the provisions of Vote 241 of the Appropriation Act, No. 3, 1953, where equipment and supplies acquired for the services since March 31, 1950, are transferred as Mutual Aid, their estimated replacement value is credited to the appropriate service allotment instead of being paid into the replacement account, and may be expended during the current fiscal year for the purposes of the Canadian forces. The expenditure of $309·2 million in 1953-54 consists of approximately $77·9 million for equipment and supplies transferred from Canadian stocks to North Atlantic Treaty countries and $231·3 million for direct cash outlays for Mutual Aid by the Government of Canada, representing costs incurred in acquiring and supplying new military equipment to parties to the North Atlantic Treaty and in the training in Canada of aircrews from allied countries. In 1952-53, stock transfers amounted to $55·5 million and direct aid to $179·6 million.

Contributions made by Canada towards the military costs of NATO are charged to the National Defence appropriations. These payments comprise Canada's share of the NATO military budgets and of infrastructure costs. The percentage share borne by each nation is established in the North Atlantic Council, subject to ratification by the respective governments. Expenditures during 1953-54 for this purpose were $12 million, as compared with $11·3 million for 1952-53.

Expenditures for the Department of Defence Production were $49·9 million for 1953-54, a decrease of $38·9 million from the total of $88·8 million for the previous year. Capital assistance to private contractors, Crown plants operated on a management fee basis, and Crown corporations undertaking contracts essential to the defence programme, totalled $39·5 million, as compared with $79·1 million for 1952-53. Administration and general expenditures of the Department were $10·4 million, an increase of $0·7 million over the previous fiscal year.

In addition to the foregoing budgetary expenditures, the Department of Defence Production has made cash outlays from the defence production revolving fund for the procurement of materials for use in the manufacture of defence equipment. For purposes of accounting and control, materials so acquired are treated as assets in the books of the Government until they are billed to the Department of National Defence or sold to defence contractors for use in the manufacture of defence equipment. It is estimated that the net cash position of the fund in 1953-54 was reduced by $17·1 million, as compared with a net increase of $19·7 million in 1952-53.

The replacement of equipment and supplies acquired by the Department of National Defence prior to March 31, 1950, and subsequently transferred to parties of the North Atlantic Treaty Organization, also involved cash outlays which were not reflected as budgetary expenditures. The cost of such replacement is charged to the defence equipment replacement account, which is credited with the estimated value of the defence equipment and supplies, when these are transferred from Canadian stocks to NATO countries. Transfers to this account during 1953-54 were $77·9 million, and it is estimated that $36·5 million was disbursed for the purchase of replacement equipment and supplies. The balance of the account at March 31, 1953, was $271·1 million, and, as a result of the past year's operations, a total of $41·4 million has been added to this account, bringing it up to $312·5 million as of March 31, 1954.

In addition to the foregoing, there is provision under Section 11 of the National Defence Act for the sale of materiel not immediately required for the use of the Canadian forces or the Defence Research Board to such countries and upon such terms as the Governor in Council may determine. The proceeds of sale are credited to a special account to be used for the procurement of materiel. Credits to the replacement of materiel account in 1953-54 totalled $15·7 million, while $3·7 million was withdrawn therefrom.

The Budget—Appendix

The net effect of the defence programme upon the Canadian economy, is a combination of the net cash outlays from the defence equipment replacement account, the replacement of materiel account and the defence production revolving fund, together with the net *cash* budgetary expenditures of the Departments of National Defence and Defence Production. This net cash outlay for defence amounted to $1,819·1 million in 1953-54, a decrease of $86·7 million from the corresponding total in 1952-53.

The following table presents a summary of the cash disbursements for defence for the last two fiscal years:

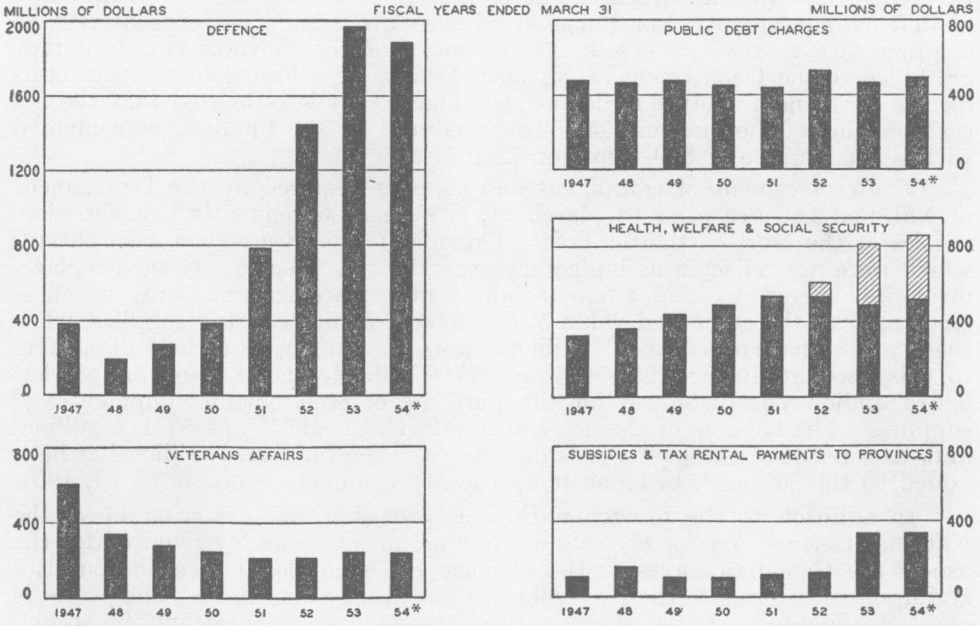
TABLE IX

CASH OUTLAYS FOR DEFENCE FOR THE FISCAL YEARS ENDED MARCH 31, 1954 AND MARCH 31, 1953

(In millions of dollars)

	Fiscal Year Ended March 31		Increase or Decrease(−)
	1954 (Estimated)	1953	
Budgetary Expenditures—			
Department of National Defence	1,839·7	1,882·4	−42·7
Department of Defence Production	49·9	88·8	−38·9
	1,889·6	1,971·2	−81·6
Less: Value of military equipment and supplies transferred from existing Canadian stocks to NATO countries (included in budgetary expenditures)	77·9	55·5	22·4
	1,811·7	1,915·7	−104·0
Disbursements from:			
Defence equipment replacement account	36·5	−14·2	50·7
Replacement of materiel account (Sec. 11, National Defence Act,) (net)	−12·0	−15·4	3·4
Defence production revolving fund (net)	−17·1	19·7	−36·8
	7·4	*−9·9*	*17·3*
Net cash outlay for defence	1,819·1	1,905·8	−86·7

PRINCIPAL CLASSES OF BUDGETARY EXPENDITURES



*Estimate.

NOTE: The lightly shaded area in the chart for Health, Welfare and Social Security represents pension payments out of the old age security fund.

Public Debt Charges

Public debt charges in 1953-54, as in 1952-53, constituted the second largest item of government expense. The total of $496·4 million for the year under review represented 11·3 per cent of total budgetary expenditures compared with a total of $464·9 million or 10·7 per cent in 1952-53.

Interest on the unmatured funded debt was $412·3 million compared with $393·1 million in 1952-53. All of this increase of $19·2 million is attributable to interest on debt payable in Canada. A substantial increase in the amount of Canada Savings Bonds outstanding and an increase of approximately 0·1 per cent in the average interest rate account for the greater part of the increase.

Interest on deposit and trust accounts is expected to show a small increase of $0·2 million over the previous year, while interest on insurance and pension accounts, estimated at $61·3 million, is $6 million higher than in 1952-53. Of this latter increase $2·4 million is in respect of government annuities, $1·4 million is on civil service superannuation account and $1·9 million on permanent services pension account.

Other public debt charges are estimated at $19·7 million, an increase of $6·1 million over 1952-53. The greater part of this increase is due to an increase in the annual amortization charge for discount and commissions on previous bond issues.

The following table presents a comparative summary of public debt charges for 1953-54 and the corresponding figures for the previous year.

TABLE X

INTEREST AND OTHER PUBLIC DEBT CHARGES FOR THE FISCAL YEARS ENDED MARCH 31, 1954, AND MARCH 31, 1953

(In millions of dollars)

—	Fiscal Year Ended March 31		Increase or Decrease (—)
	1954 (Estimated)	1953	
Interest on Public Debt—			
Funded Debt and Treasury Bills—			
Payable in Canada	400·8	381·6	19·2
Payable in London	1·6	1·6	.....
Payable in New York	9·9	9·9	.....
	412·3	*393·1*	*19·2*
Deposit and Trust Accounts	3·1	2·9	0·2
Insurance, Pension and Guaranty Accounts	61·3	55·3	6·0
	64·4	*58·2*	*6·2*
Total Interest on Public Debt	476·7	451·3	25·4
Annual amortization of bond discounts and commissions	17·8	12·0	5·8
Servicing of Public Debt	0·6	0·5	0·1
Cost of issuing new loans	1·3	1·1	0·2
	19·7	*13·6*	*6·1*
Total Public Debt Charges	496·4	464·9	31·5

The Budget—Appendix

Subsidies and Tax Rental Payments to Provinces

Payments to the provinces during 1953-54 for statutory subsidies, rentals under the tax rental agreements, the transitional grant to Newfoundland, and the transfer of certain public utility tax receipts, were $338·1 million compared with $338·7 million in 1952-53.

A comparative summary of the payments for the two years is given in the following table:

TABLE XI

SUBSIDIES AND TAX RENTAL PAYMENTS TO PROVINCES FOR THE FISCAL YEARS ENDED MARCH 31, 1954 AND MARCH 31, 1953.

(In millions of dollars)

—	Fiscal Year Ended March 31		Increase or Decrease (−)
	1954 (Estimated)	1953	
Rentals under tax rental agreements c. 49, Statutes of 1952	309·2	284·8	24·4
Rentals under tax rental agreements c. 58, Statutes of 1947	.....	23·8	−23·8
Statutory subsidies	20·1	20·1	
Transitional grant to Newfoundland	4·8	5·6	−0·8
Transfer of certain public utility tax receipts—sec. 7, c. 58, Statutes of 1947	4·0	4·4	−0·4
	338·1	338·7	−0·6

The total paid as subsidies and tax rental payments in 1953-54 is almost exactly equal to that paid in 1952-53 despite the fact that tax rental payments in 1952-53 included the final quarterly instalment under the old 1947 agreements as well as a full year's rental payments under the 1952 agreements.

The payments under the 1952 tax rental agreements in 1953-54 were $24·4 million greater than in the previous year reflecting the increases in provincial populations and gross national product per capita in 1952 over the base year 1948.

Statutory subsidies in 1953-54 were unchanged from the previous year, both years' payments being based on the 1951 census totals of population.

The amount of public utility tax receipts transferred to the provinces is expected to be $0·4 million less than in the previous year. Section 7 of the Dominion-Provincial Tax Rental Agreements Act, 1947, authorized the payment to the provinces, whether participating in the agreements or not, of a portion of the income tax collected from corporations, whose main business was the distribution to, or the generation for distribution to, the public of electrical energy, gas or steam. Provision for similar payments was also made in the Tax Rental Agreements Act, 1952.

A summary of payments, by provinces during 1953-54 is given in the following table:

TABLE XII

SUBSIDIES AND TAX RENTAL PAYMENTS TO PROVINCES FOR THE FISCAL YEAR ENDED MARCH 31, 1954

(In millions of dollars)

—	Statutory Subsidies	Rentals under 1952 Tax Rental Agreements	Transitional Grant	Total
Newfoundland	1·6	11·8	4·8	18·2
Nova Scotia	2·1	19·5	.....	21·6
Prince Edward Island	0·7	3·7	.....	4·4
New Brunswick	1·7	16·2	.....	17·9
Quebec	3·3	.....	.....	3·3
Ontario	3·6	134·4	.....	138·0
Manitoba	1·7	25·0	.....	26·7
Saskatchewan	2·0	25·3	.....	27·3
Alberta	2·1	29·8	.....	31·9
British Columbia	1·3	43·5	.....	44·8
	20·1	309·2	4·8	334·1
Transfer of certain public utility tax receipts (Sec. 7, Chap. 58, Statutes of 1947)	.....	.....	.....	4·0
				338·1

Government Contributions to the Civil Service Superannuation Account

It is estimated that $54·5 million will be charged to expenditures in 1953-54 in connection with the civil service superannuation account, an increase of $15·7 million compared with $38·8 million charged in 1952-53.

The government contributes in each fiscal year an amount equal to the estimated payments by individual contributors in the previous year in respect of current and prior service. The government's contribution for 1953-54 is estimated at $16·5 million compared with $13·8 million in 1952-53.

In addition, $38 million is included in the year's expenditures representing the amount required to cover the additional liability created by the general increase in civil service salaries effective December 1, 1953.

Provision for Reserve for Possible Losses on Ultimate Realization of Active Assets

An amount of $50 million is included as an expenditure in the government's accounts as an addition during the fiscal year 1953-54 to the general reserve for possible losses on the ultimate realization of active assets. It is intended, however, to write off $99·5 million, the amount of temporary loans made by the Minister of Finance to the old age security fund in 1952-53, against this reserve. This will leave the balance in the reserve at the end of the fiscal year at $496·4 million which is equivalent to 6·8 per cent of the aggregate active assets.

Family Allowances

Family allowances are payable in respect of all children under sixteen resident in Canada, with minor exceptions such as in the case of children of immigrants who have to reside in Canada a year before an allowance is payable. The monthly allowance is $5 if the child is less than six years of age; $6 in the age group 6 to 9; $7 in the age group 10 to 12; and $8 in the age group 13 to 15.

For 1953-54 family allowance payments are estimated at $350·1 million representing 8 per cent of the total expenditures compared with $334·2 million or 7·7 per cent for 1952-53. The increase of $15·9 million reflects the increase in the number of children.

The following table presents a comparative summary of family allowance payments by provinces for the last two fiscal years:

TABLE XIII

FAMILY ALLOWANCE PAYMENTS FOR THE FISCAL YEARS ENDED MARCH 31, 1954 AND MARCH 31, 1953

(In millions of dollars)

—	Fiscal Year Ended March 31		Increase
	1954 (Estimated)	1953	
Newfoundland	11·4	11·0	0·4
Nova Scotia	16·7	16·3	0·4
Prince Edward Island	2·5	2·5	
New Brunswick	14·7	14·3	0·4
Quebec	111·5	107·1	4·4
Ontario	104·6	98·3	6·3
Manitoba	17·9	17·3	0·6
Saskatchewan	20·2	19·7	0·5
Alberta	23·9	22·6	1·3
British Columbia	26·0	24·4	1·6
Northwest and Yukon Territories	0·7	0·7	
	350·1	334·2	15·9

Unemployment Insurance Act Administration and Government's Contribution

Expenditures for 1953-54 in connection with the Unemployment Insurance Act (excluding the government's payment as an employer) are estimated at $58·2 million compared with $56·2 million in 1952-53, an increase of $2 million.

Unemployment insurance benefits are not charged directly to budgetary expenditures. The Unemployment Insurance Fund, from which such benefits are paid, is financed by contributions from employers and employees, by interest earned on investments, and by the government's contribution of an amount equal to one-fifth of the combined employer-employee payments.

For 1953-54, the government's contribution to the Fund is estimated at $31·9 million, an increase of $0·8 million over the total of $31·1 million in 1952-53. Administration costs are estimated at $26·3 million or $1·3 million more than the total of $25 million for the previous fiscal year.

Agriculture

The Department of Agriculture expenditures for 1953-54 are estimated at $109·3 million an increase of $2·6 million compared with expenditures of $106·7 million in 1952-53. The net increase of $2·6 million reflects an increase of $5·3 million in the operating losses of the Agricultural Prices Support Board, decreases of $3·7 million in freight assistance on western feed grains, and $1·5 million in premiums on hog carcasses and other smaller changes.

The following table presents a comparative summary of the expenditures of the department for the last two fiscal years:

TABLE XIV

EXPENDITURES OF THE DEPARTMENT OF AGRICULTURE FOR THE FISCAL YEARS ENDED MARCH 31, 1954, AND MARCH 31, 1953

(In millions of dollars)

—	Fiscal Year Ended March 31		Increase or Decrease (—)
	1954 (Estimated)	1953	
Operating losses of the Agricultural Prices Support Board	37·8	32·5	5·3
Freight assistance on western feed grains	17·0	20·7	—3·7
Rehabilitation and reclamation projects	14·8	13·9	0·9
Premium on hog carcasses including administrative costs	4·9	6·4	—1·5
Experimental farms service	8·7	8·3	0·4
Science service	9·0	8·1	0·9
Production service	9·7	9·3	0·4
Marketing service	4·4	4·8	—0·4
Departmental administration and sundry	3·0	2·7	0·3
	109·3	106·7	2·6

Canadian Broadcasting Corporation

Expenditures by the Government of Canada in respect of the Canadian Broadcasting Corporation are estimated at $24·8 million for the current fiscal year an increase of $16·6 million compared with expenditures of $8·2 million in 1952-53. As proposed in last year's budget the Canadian Broadcasting Act was amended to provide that the corporation in future would receive an amount equivalent to the collections on the 15 per cent special tax imposed on radio and television sets, tubes and accessories. For the current fiscal year, this amount is estimated at $16·5 million consisting of $11·5 million in respect of television and $5 million in respect of radio. Also, as announced in last year's budget speech, the Order in Council under the Radio Act setting the licence fee at $2.50 for private radio receiving sets was revoked as of April 1, 1953. Consequently, in 1953-54 only $0·3 million was collected and turned over to the corporation compared with $5·4 million in 1952-53. Collections in the latter period were derived mainly from private radio station broadcasting licences.

The following table presents a comparative summary of expenditures of the last two fiscal years:

TABLE XV

EXPENDITURES IN RESPECT OF THE CANADIAN BROADCASTING CORPORATION FOR THE FISCAL YEARS ENDED MARCH 31, 1954 AND MARCH 31, 1953

(In millions of dollars)

—	Fiscal Year Ended March 31		Increase or Decrease (—)
	1954 (Estimated)	1953	
Sound broadcasting service	6·2	6·2	
International shortwave broadcasting service	2·1	2·0	0·1
Payments to the corporation of amounts equal to tax collected under the Excise Tax Act in respect of radio and television sets and equipment	16·5	.....	16·5
	24·8	8·2	16·6

In addition, a loan of $4·7 million was made to the Corporation in 1953-54 to cover the costs of television installations and to support the development of the service. This brings the total of loans to the Corporation to $16 million;

$6·7 million of this amount is in respect of television. Interest at various rates is being paid semi-annually by the corporation to the government and is included in non-tax revenues under "Return on Investments".

Citizenship and Immigration

Expenditures of this department are estimated at $25·9 million for 1953-54, an increase of $2·3 million over the total of $23·6 million in 1952-53. The increase is almost wholly accounted for in the expenditures of the Indian Affairs Branch.

The following table presents a comparative summary of expenditures for 1953-54 and 1952-53:

TABLE XVI

CITIZENSHIP AND IMMIGRATION EXPENDITURES FOR THE FISCAL YEARS ENDED MARCH 31, 1954 AND MARCH 31, 1953

(In millions of dollars)

—	Fiscal Year Ended March 31		Increase or Decrease (—)
	1954 (Estimated)	1953	
Indian Affairs	16·7	15·2	1·5
Immigration	7·5	7·1	0·4
Citizenship and Citizenship Registration	0·7	0·5	0·2
Administration and general	1·0	0·8	0·2
	25·9	23·6	2·3

External Affairs

Expenditures of the Department of External Affairs for 1953-54 are estimated at $45·4 million, an increase of $6·1 million over 1952-53. Assistance to other countries directly or through international organizations is estimated at $31·4 million, an increase of $4·8 million. The principal item in this category is an amount of $25 million provided under the Colombo Plan for grants to assist in the economic development of countries in South and South-East Asia. A similar amount was provided in 1952-53. The increase of $4·8 million in assistance to other countries is due chiefly to the provision for a gift of wheat as a contribution towards the relief of famine in Pakistan.

The table which follows presents a comparative summary of the expenditures of the department for the last two fiscal years:

TABLE XVII

EXPENDITURES OF THE DEPARTMENT OF EXTERNAL AFFAIRS FOR THE FISCAL YEARS ENDED MARCH 31, 1954 AND MARCH 31, 1953

(In millions of dollars)

—	Fiscal Year Ended March 31		Increase or Decrease (—)
	1954 (Estimated)	1953	
Assistance to other countries	31·4	26·6	4·8
Canada's assessment for membership in international or commonwealth organizations	3·5	3·5	
Representation abroad	6·5	5·5	1·0
Administration and general expenditures	4·0	3·7	0·3
	45·4	39·3	6·1

Finance

The major items of expenditure of the Department of Finance have been dealt with under the headings "Public debt charges", "Subsidies and tax rental payments to provinces", "Provision for reserve for possible losses on the ultimate realization of active assets" and "Government contribution to the civil service superannuation account".

In addition, other expenditures of the department for 1953-54 were $30·3 million compared with $29·5 million in 1952-53.

The following table presents a comparative summary of these expenditures for the past two fiscal years:

TABLE XVIII

GENERAL AND ADMINISTRATION EXPENDITURES OF THE DEPARTMENT OF FINANCE FOR THE FISCAL YEARS ENDED MARCH 31, 1954 AND MARCH 31, 1953

(In millions of dollars)

—	Fiscal Year Ended March 31		Increase or Decrease (−)
	1954 (Estimated)	1953	
Office of the Comptroller of the Treasury—Administration expenses	13·8	13·3	0·5
Grants to universities	5·2	5·1	0·1
Grants to municipalities in lieu of taxes on federal property	3·0	2·6	0·4
Government contribution as an employer to the Unemployment Insurance Fund	1·1	1·1	
Federal government share of claims—Rimouski and Cabano fires	.....	0·3	−0·3
Implementation of guarantees—Ming Sung Industrial Co. Ltd	1·6	1·7	−0·1
Grant to the Canadian National European Flood Relief Fund	.....	1·0	−1·0
Departmental administration and general	5·6	4·4	1·2
	30·3	29·5	0·8

Mines and Technical Surveys

Expenditures of the Department of Mines and Technical Surveys were $37·5 million for 1953-54 compared with expenditures of $29·7 million for 1952-53. The increase of $7·8 million is due mainly to increases of $3·3 million in payments under the Emergency Gold Mining Assistance Act and of $3·5 million in the expenditures of the Dominion Coal Board.

A table showing a comparative summary of expenditures for the fiscal years 1953-54 and 1952-53 follows:

TABLE XIX

MINES AND TECHNICAL SURVEYS EXPENDITURES FOR THE FISCAL YEARS ENDED MARCH 31, 1954 AND MARCH 31, 1953

(In millions of dollars)

—	Fiscal Year Ended March 31		Increase or Decrease (−)
	1954 (Estimated)	1953	
Emergency Gold Mining Assistance	14·5	11·2	3·3
Dominion Coal Board	10·0	6·5	3·5
Surveys and Mapping including Air Surveys	7·1	6·5	0·6
Mines Branch	2·6	2·5	0·1
Geological Survey of Canada	2·0	1·8	0·2
Administration and general	1·3	1·2	0·1
	37·5	29·7	7·8

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Family allowance payments, because of their importance, have been dealt with in preceding paragraphs of the white paper. Other expenditures of the Department of National Health and Welfare are estimated at $80·5 million for 1953-54 compared with $72·4 million in 1952-53, an increase of $8·1 million.

The following table presents a comparative summary of these other expenditures of the department for the last two fiscal years:

TABLE XX

NATIONAL HEALTH AND WELFARE EXPENDITURES FOR THE FISCAL YEARS ENDED MARCH 31, 1954 AND MARCH 31, 1953

(In millions of dollars)

—	Fiscal Year Ended March 31		Increase or Decrease (—)
	1954 (Estimated)	1953	
General health grants	28·9	27·3	1·6
Old age assistance	20·6	19·1	1·5
Allowances to blind persons	3·0	3·0	
Indians and Eskimos health services	14·9	12·9	2·0
Other health services	5·8	4·5	1·3
Civil defence programme	3·3	1·7	1·6
Administration and general	4·0	3·9	0·1
	80·5	72·4	8·1

General health grants were inaugurated in 1948-49 to assist the provinces in hospital construction, the improvement of general health services and the control of diseases. Expenditures on account of these services were $28·9 million for 1953-54, an increase of $1·6 million over 1952-53.

The following table presents a distribution by provinces of such grants paid in the last two fiscal years, together with the total paid from the inception of the policy in 1948-49.

TABLE XXI

GENERAL HEALTH GRANTS TO PROVINCES

(In millions of dollars)

—	Fiscal Year Ended March 31		Increase or Decrease(—)	Total for Fiscal Years 1948-49 to 1953-54 Inclusive
	1954 (Estimated)	1953		
Newfoundland	0·9	0·8	0·1	3·8
Nova Scotia	1·3	1·3	.....	5·8
Prince Edward Island	0·2	0·2	.....	1·2
New Brunswick	1·3	1·1	0·2	5·1
Quebec	9·0	8·0	1·0	37·1
Ontario	7·8	8·3	—0·5	33·1
Manitoba	1·7	1·5	0·2	6·5
Saskatchewan	2·0	2·0	.....	8·9
Alberta	2·2	2·1	0·1	9·1
British Columbia	2·5	2·0	0·5	11·1
Northwest and Yukon Territories	(1)	(1)	.....	(1)
	28·9	27·3	1·6	121·7

(1) Less than $50,000.

Under the Old Age Assistance Act the federal government reimburses the provinces by paying 50 per cent of the lesser of $40 monthly or the amount of assistance given by the provinces in the form of monthly pensions to eligible persons in need who were in the age group of 65 to 69. (Under the Old Age Security Act, all persons 70 years and over who satisfy the residence requirements may receive a pension of $40 per month from the federal government out of the Old Age Security Fund). Similarly, under the Blind Persons Act, the federal government reimburses the provinces for allowances paid to eligible blind persons in need over the age of 21, but under this Act federal reimbursement is 75 per cent of the total payments.

Payments by the federal government in respect of old age assistance were $20·6 million for 1953-54 compared with $19·1 million for 1952-53. Payments on account of allowances to blind persons were $3 million for 1953-54, unchanged from 1952-53.

The distribution of these payments in 1953-54, by provinces, is given in the following table:

TABLE XXII

FEDERAL SHARE OF OLD AGE ASSISTANCE AND ALLOWANCES TO THE BLIND FOR THE YEAR ENDED MARCH 31, 1954

(In millions of dollars)

—	Old Age Assistance	Allowances to the Blind
Newfoundland	0·9	0·1
Nova Scotia	1·0	0·3
Prince Edward Island	0·1	(1)
New Brunswick	1·2	0·3
Quebec	7·2	1·1
Ontario	4·9	0·6
Manitoba	1·1	0·2
Saskatchewan	1·0	0·1
Alberta	1·2	0·1
British Columbia	2·0	0·2
Northwest and Yukon Territories	(1)	(1)
	20·6	3·0

(1) Less than $50,000.

Indian and Eskimo health services were $14·9 million for 1953-54 compared with $12·9 million in 1952-53. Other health services totalled $5·8 million, up $1·3 million from the previous fiscal year. Of this increase, $0·2 million was for immigration medical services, $0·7 million for laboratory of hygiene and $0·2 million for the administration of various Acts relating to health services.

Expenditures in connection with the civil defence programme were $3·3 million for 1953-54, an increase of $1·6 million.

Administration and general expenditures were $4 million, slightly more than the total of $3·9 million for 1952-53.

National Research Council and Atomic Energy Control Board

Expenditures of the National Research Council were $15·6 million in 1953-54 compared with $15·4 million in 1952-53. The expenditures of the Atomic Energy Control Board were $12·6 million for 1953-54, a decrease of $0·3 million from the previous fiscal year.

National Revenue

Expenditures of this department are estimated at $50·1 million in 1953-54 compared with $47·3 million in 1952-53. Of the increase of $2·8 million for the year, $1·5 million is in respect of the customs and excise division and $1·3 million on account of the taxation division.

The following table presents a comparative summary of the expenditures of the department for the last two fiscal years:

TABLE XXIII

DEPARTMENT OF NATIONAL REVENUE EXPENDITURES FOR THE FISCAL YEARS ENDED MARCH 31, 1954 AND MARCH 31, 1953

(In millions of dollars)

—	Fiscal Year Ended March 31		Increase or Decrease (−)
	1954 (Estimated)	1953	
Customs and excise division	27·0	25·5	1·5
Taxation division	23·0	21·7	1·3
Income tax appeal board	0·1	0·1	
	50·1	47·3	2·8

Northern Affairs and National Resources

The Department of Northern Affairs and National Resources was constituted in 1953-54 by an Act of Parliament which redefined the duties and functions of the former Department of Resources and Development to reflect the growing importance of Canada's northland. Expenditures under the Trans-Canada Highway Act, including administration and contributions to the provinces, and expenditures for housing, both included in 1952-53 under the Department of Resources and Development, have been transferred to the Department of Public Works and the expenditures for 1952-53 shown in the table which follows have been adjusted accordingly.

TABLE XXIV

NORTHERN AFFAIRS AND NATIONAL RESOURCES EXPENDITURES FOR THE FISCAL YEARS ENDED MARCH 31, 1954 AND MARCH 31, 1953

(In millions of dollars)

—	Fiscal Year Ended March 31		Increase or Decrease (−)
	1954 (Estimated)	1953	
National Parks Branch	7·3	7·2	0·1
Engineering and Water Resources Branch	1·8	3·1	−1·3
Northern Administration and Lands Branch	3·3	3·7	−0·4
Forestry Branch	5·0	3·8	1·2
Canadian Government Travel Bureau	1·5	1·3	0·2
Administration and general	0·6	0·4	0·2
	19·5	19·5	

Expenditures for 1953-54 at $19·5 million were the same as those of 1952-53, a reduction of $1·3 million in the engineering and water resources branch being offset by the increase of $1·2 million in the forestry branch.

Post Office

Gross expenditures of the Post Office Department for 1953-54, including payments from revenue, are estimated at $132·3 million, an increase of $9·3 million over the total of $123 million for 1952-53. Remuneration of postmasters and staffs at revenue and semi-staff offices and commissions at sub-offices are paid from revenue. These payments, which are included in the total of $132·3 million for 1953-54, were $18·3 million compared with $17·4 million in 1952-53. Disbursements charged to budgetary expenditures are estimated at $114 million in 1953-54, an increase of $8·4 million over the previous fiscal year.

The following table presents a comparative summary of the expenditures for the past two years:

TABLE XXV

POST OFFICE DEPARTMENT EXPENDITURES FOR THE FISCAL YEARS ENDED MARCH 31, 1954 AND MARCH 31, 1953

(In millions of dollars)

—	Fiscal Year Ended March 31		Increase or Decrease (−)
	1954 (Estimated)	1953	
Charged to Expenditures—			
Operations—including salaries and other expenses of staff post offices, district offices and railway mail services and supplies and equipment and other items for revenue post offices	65·3	60·7	4·6
Transportation—movement of mail by land, air and water	45·1	41·3	3·8
Financial services	2·4	2·3	0·1
Departmental administration and general	1·2	1·3	−0·1
	114·0	*105·6*	*8·4*
Charged to Revenues—			
Operations—salaries of postmasters and staffs at revenue and semi-staff offices, commissions paid at sub-offices and other disbursements	18·3	17·4	0·9
	132·3	123·0	9·3

Public Works

Expenditures of the Department of Public Works are estimated at $114·5 million for 1953-54 an increase of $16·6 million over 1952-53.

The following table presents a comparative summary of expenditures for 1953-54 and 1952-53:

TABLE XXVI

EXPENDITURES OF THE DEPARTMENT OF PUBLIC WORKS FOR THE FISCAL YEARS ENDED MARCH 31, 1954 AND MARCH 31, 1953

(In millions of dollars)

—	Fiscal Year Ended March 31		Increase or Decrease (−)
	1954 (Estimated)	1953	
Architectural Branch	61·3	52·7	8·6
Engineering Branch	34·0	28·4	5·6
Contributions to the provinces under the terms of the Trans-Canada Highway Act	14·2	14·0	0·2
Housing	1·6	1·4	0·2
Administration and general	3·4	1·4	2·0
	114·5	97·9	16·6

Of the increase of $8·6 million in the expenditures for the architectural branch, $2·8 million is due to increased costs for maintenance of public buildings and $5·7 million to increased outlay in the acquisition, construction and improvement of public buildings. Of the increase of $5·6 million in the expenditures of the engineering branch, $4·1 million is attributable to increased costs for the acquisition, construction and improvement of harbour and river works. Contributions to the provinces under the terms of the Trans-Canada Highway Act are estimated at $14·2 million, an increase of $0·2 million over 1952-53.

When the Department of Northern Affairs and National Resources was established, expenditures in connection with housing and the administration of the Trans-Canada Highway Act were transferred to the Department of Public Works. To facilitate comparison the foregoing table has been adjusted to include these expenditures which in 1952-53 were shown under the former Department of Resources and Development.

Royal Canadian Mounted Police

Expenditures for the Royal Canadian Mounted Police are estimated at $34 million for 1953-54 compared with $31·1 million in 1952-53. The increase of $2·9 million is due chiefly to an increase of $2·2 million in expenditures for land services of which $1·9 million is in respect of operation and maintenance costs, and $0·3 million for construction or acquisition of buildings. These amounts represent gross expenditures; payments received from the provinces for police services are credited to revenue.

The following table presents a comparative summary of expenditures for 1953-54 and 1952-53:

TABLE XXVII

ROYAL CANADIAN MOUNTED POLICE EXPENDITURES FOR THE FISCAL YEARS ENDED MARCH 31, 1954 AND MARCH 31, 1953

(In millions of dollars)

—	Fiscal Year Ended March 31		Increase or Decrease (−)
	1954 (Estimated)	1953	
Land services	29·6	27·4	2·2
Marine services	1·3	0·9	0·4
Aviation services	0·3	0·4	−0·1
Government contribution to the Royal Canadian Mounted Police pension account	0·7	0·5	0·2
Administration and general	2·1	1·9	0·2
	34·0	31·1	2·9

Trade and Commerce

Expenditures of the Department of Trade and Commerce for 1953-54 are estimated at $16·7 million compared with $16·5 million for 1952-53.

The following table presents a comparative summary of expenditures of the department for the two fiscal years:

TABLE XXVIII

EXPENDITURES OF THE DEPARTMENT OF TRADE AND COMMERCE FOR THE FISCAL YEARS ENDED MARCH 31, 1954 AND MARCH 31, 1953

(In millions of dollars)

—	Fiscal Year Ended March 31		Increase or Decrease (—)
	1954 (Estimated)	1953	
Dominion Bureau of Statistics	5·4	5·7	—0·3
Canada Grain Act	4·7	4·5	0·2
Trade Commissioners Service	2·4	2·3	0·1
Standards Division	1·5	1·4	0·1
Administration and general	2·7	2·6	0·1
	16·7	16·5	0·2

Transport

Expenditures of the Department of Transport are estimated at $120·2 million for 1953-54, an increase of $16·3 million as shown in the following table:

TABLE XXIX

EXPENDITURES OF THE DEPARTMENT OF TRANSPORT FOR THE FISCAL YEARS ENDED MARCH 31, 1954 AND MARCH 31, 1953

(In millions of dollars)

—	Fiscal Year Ended March 31		Increase or Decrease (—)
	1954 (Estimated)	1953	
Air Services—			
Telecommunications Division	13·9	12·7	1·2
Meteorological Division	7·0	6·6	0·4
Civil Aviation Division	21·2	19·5	1·7
Administration	0·2	0·2	
	42·3	*39·0*	*3·3*
Canal Services	9·5	9·9	—0·4
Marine Services	20·8	21·7	—0·9
Railway Services—			
Maritime Freight Rates Act—			
Difference between tariff and normal tolls	10·5	10·1	0·4
Other railway services	13·5	6·4	7·1
Maintenance of trackage	7·0	4·2	2·8
	31·0	*20·7*	*10·3*
Canadian Maritime Commission	4·3	4·0	0·3
Deficits and non-active advances—			
Government-owned enterprises—			
Net Income Deficits—			
Canadian National (West Indies) Steamships, Ltd	0·6	(1)	0·6
North Sydney—Port aux Basques ferry and terminals	2·2	1·9	0·3
Prince Edward Island Car Ferry and terminals	1·6	1·5	0·1
National Harbours Board	.....	0·1	—0·1
Loans and Advances, non-active—			
National Harbours Board	4·3	1·9	2·4
	8·7	*5·4*	*3·3*
Departmental administration and sundry	3·6	3·2	0·4
	120·2	103·9	16·3

(1) Less than $50,000.

Estimated expenditures of $42·3 million for air services in 1953-54 represent an increase of $3·3 million over 1952-53. Of this increase $1·2 million is attributable to the telecommunications division, $0·4 million to the meteorological division and $1·7 million to the civil aviation division. Expenditures for railway services are expected to show an increase of $10·3 million, of which $2·8 million relates to payments under the Railway Act to the Canadian National and Canadian Pacific Railways for the maintenance of trackage on the railways' transcontinental lines in certain areas of Northern Ontario, $0·4 million for expenditures in connection with the Maritime Freight Rates Act and $7·1 million for other railway services (due mainly to increases of $3·4 million for transportation improvements and facilities with respect to the Strait of Canso and $4·5 million for construction or acquisition of auto ferry vessels). Payments covering net operating deficits of and non-active loans and advances to certain government owned enterprises are estimated at $8·7 million in 1953-54 an increase of $3·3 million compared with $5·4 million in 1952-53, due largely to an increase of $2·4 million in non-active loans and advances to the National Harbours Board.

Veterans Affairs

Expenditures for the Department of Veterans Affairs are estimated at $239·8 million for 1953-54 compared with the total of $241·4 million spent in 1952-53. The net decrease of $1·6 million is due primarily to decreases of $1·3 million in post-discharge rehabilitation benefits, $1·6 million in war service gratuities and re-establishment credits, and $1·2 million in departmental, district and pensions administration and miscellaneous payments, offset in part by increases of $2·1 million in expenditure for treatment services, $0·7 million in pensions for disability or death, and $0·6 million in the provision for the reserve for conditional benefits under the Soldier Settlement and Veterans Land Acts. Conditional grants are made to veterans who enter into agreements with the director for sales of land and chattels provided they fulfil the terms of the agreements for a period of ten years. The amount charged to expenditure in 1953-54 under this heading covers one-tenth of the conditional benefits included in sales to veterans prior to April 1954.

The following table presents a comparative summary of the expenditures for the past two fiscal years:

TABLE XXX

VETERANS AFFAIRS EXPENDITURES FOR THE FISCAL YEARS ENDED MARCH 31, 1954 AND MARCH 31, 1953

(In millions of dollars)

—	Fiscal Year Ended March 31		Increase or Decrease (−)
	1954 (Estimated)	1953	
Pensions for disability or death	127·7	127·0	0·7
Treatment services	42·8	40·7	2·1
War veterans' allowances and other benefits	30·3	30·8	−0·5
Post-discharge rehabilitation benefits	2·5	3·8	−1·3
War service gratuities and re-establishment credits	9·1	10·7	−1·6
Soldier Settlement and Veterans' Land Acts—			
Administration and general	5·3	5·7	−0·4
Provision for reserve for conditional benefits	8·6	8·0	0·6
Departmental, district and pensions administration and miscellaneous payments	13·5	14·7	−1·2
	239·8	241·4	−1·6

4. THE CASH POSITION

In addition to the collection of revenues and the making of expenditures in the strict budgetary sense the Government's financial operations include numerous extra-budgetary transactions which involve the receipt and disbursement of large sums of cash.

The estimated budgetary revenues, expenditures and surplus for 1953-54 have been described and analysed in some detail in the preceding sections. Although these budgetary transactions for 1953-54 resulted in a surplus of $10·1 million, the unmatured funded debt outstanding in the hands of the public decreased by $272·6 million, while the Government's cash balances increased by some $120·2 million. It is apparent that both budgetary and non-budgetary transactions must be taken into account when measuring the impact of the Government's fiscal operations upon the Canadian economy or considering the implications of Government spending and the methods by which that spending is financed.

The non-budgetary transactions relate to transactions which result in increases or decreases in the Government's assets and liabilities. They do not appear in the Government's income account nor do they enter into the calculation of the annual budgetary surplus or deficit.

On the assets side they consist, for the most part, of advances to, and repayments of loans by, Crown Corporations and other Government agencies and funds (including the old age security fund), foreign, provincial and municipal governments and other borrowers, investments in government securities and outlays for the acquisition of inventories of materials and supplies which will be used in the future and for services rendered in one year but applicable to the accounts of subsequent years.

On the liabilities side the transactions relate primarily to receipts and payments in connection with the numerous deposit and trust, and annuity, insurance and pension funds held or administered by the Government.

The following summary shows how these non-budgetary transactions together with the budgetary surplus affected the Government's funded debt and cash position in 1953-54. For purposes of comparison, the corresponding figures for 1952-53 are also shown:

	Fiscal Year Ended March 31	
	1954 (Estimated)	1953
	(In millions of dollars)	
NON-BUDGETARY RECEIPTS AND CREDITS (excluding unmatured funded debt transactions)—		
Repayments of loans, investments and working capital advances—		
Loans to, and investments in, Canadian National Railways	163·8	
Advances to agricultural prices support account	49·8	−71·2
Advances to defence production revolving fund	17·1	−19·7
Advances to exchange fund	15·0	−45·0
Temporary loan to old age security fund	99·5	
1942 loan to United Kingdom	53·6	24·3
1946 loan to United Kingdom	14·6	14·3
Loans to other national governments	24·4	22 2
Loans to provincial and municipal governments	3·7	3·8
Other loans, investments and working capital advances	4·1	1·0
	445·6	*−70·8*
Net government annuities account receipts—		
Premium receipts less payments to beneficiaries	32·3	32·9
Government contribution to maintain reserve	1·0	0·7
Interest paid by Government	29·0	27·0
	62·3	*60·6*
Net insurance and pension account receipts—		
Employee contributions less payments to beneficiaries	16·8	17·6
Government contributions	89·8	45·0
Special Government provision for unamortized portion of public service superannuation account	.....	25·0
Interest paid by Government	32·2	28·3
	138·8	*115·9*
Net increase in Colombo plan fund	18·1	19·9
Net increase in defence equipment and materiel replacement accounts	53·4	85·1
Net increase in interest accrued on the public debt	12·2	25·9
Net increase in reserve for conditional benefits—Veterans Land Act	8·6	8·0
Net increase in matured funded debt, outstanding cheques, interest due, etc	48·3	7·4
Net receipts in sundry other accounts	24·0	22·4
Total	811·3	274·9
NON-BUDGETARY DISBURSEMENTS AND CHARGES (excluding unmatured funded debt transactions)—		
Loans, investments and working capital advances—		
Loans to and investments in, Canadian National Railways	145·7	141·8
Loans to Central Mortgage and Housing Corporation	92·5	72·6
Temporary loan to old age security fund	44·8	99·5
Loans under Soldier Settlement and Veterans' Land Act	7·8	6·8
Other loans, investments and working capital advances	29·7	12·8
	320·5	*333·5*
Other non-budgetary expenditures—		
Cost of loan flotations (portion to be amortized)	10·3	6·4
Net decrease in provincial 5 per cent corporation income tax suspense account	47·9	29·8
Net decrease in reserve for possible losses on ultimate realization of active assets	49·4	−75·0
Net decrease in cash balances of unemployment insurance fund	0·4	0·6
Net disbursements from sundry accounts	0·1	8·3
	108·1	*−29·9*
Total	428·6	303·6
Net amount available from, or required for (−), non-budgetary transactions	382·7	−28·7
Add, Budgetary surplus	10·1	23·5
Overall cash surplus available for debt reduction	392·8	
Overall cash deficit (−) required to be financed by borrowing	.....	−5·2
Net increase or decrease (−) in unmatured funded debt outstanding in the hands of the public:		
Unmatured funded debt	−241·0	115·1
Sinking fund	−73·1	−1·7
Securities investment account	41·5	−0·6
	−272·6	*112·8*
Net increase in cash balances	120·2	107·6

As the table shows, in 1953-54 non-budgetary receipts and credits are estimated at $811·3 million, while non-budgetary disbursements and charges are estimated at $428·6 million, resulting in a net non-budgetary surplus of $382·7 million which, when added to the budgetary surplus of $10·1 million, made a total of $392·8 million available for debt reduction. In 1952-53, as there was a net non-budgetary deficit of $28·7 million and a budgetary surplus of $23·5 million, $5·2 million had to be financed by net new borrowing from the public.

Non-budgetary receipts and credits for 1953-54 are estimated at $811·3 million. Repayments of loans, investments and working capital advances totalled $445·6 million, due mainly to repayments of $163·8 million by Canadian National Railways, a reduction of $49·8 million in the advances to the agricultural prices support account, net repayments of $17·1 million in advances to the defence production revolving fund, net repayments of $15 million in advances to the exchange fund, a writing off against the general reserve of temporary loans of $99·5 million made to the old age security fund in 1952-53, and repayments of $92·6 million by the United Kingdom and other national governments. Other non-budgetary receipts and credits include $62·3 million on government annuities account, $138·8 million in respect of the several insurance and pension accounts, $18·1 million net increase in Colombo plan fund, $53·4 million representing increases in the defence equipment and materiel replacement accounts, and $93·1 million receipts from various other accounts.

Non-budgetary disbursements and charges during 1953-54 are expected to total $428·6 million. Loans, investments and working capital advances were $320·5 million. These include $145·7 million to Canadian National Railways for capital expenditures for additions and betterments and the acquisition of new rolling stock and equipment and for additional working capital (as mentioned in the preceding paragraph, during the year the Canadian National Railways also repaid loans aggregating $163·8 million); $92·5 million to Central Mortgage and Housing Corporation for housing construction and loans; $44·8 million in temporary loans to the old age security fund to finance the amount by which pension payments from the fund exceeded tax receipts; and $37·5 million for miscellaneous loans, investments and working capital advances (including $7·8 million for loans to veterans). Other non-budgetary disbursements and charges are estimated at $108·1 million, and include $10·3 million for discounts and commissions on loans, $47·9 million for the net decrease in the provincial 5 per cent corporation income tax suspense account $46·9 million of which was transferred to budgetary revenues during the year, a net decrease of $49·4 million in the reserve for possible losses on ultimate realization of active assets (the $50 million provided for this reserve in budgetary expenditures is more than offset by a reduction due to the charge to the reserve of the 1952-53 temporary loan of $99·5 million to the Old Age Security Fund), and $0·5 million disbursements from various other accounts.

With an overall cash surplus of $392·8 million in 1953–54, and unmatured funded debt outstanding in the hands of the public reduced by $272·6 million, there was an estimated increase of $120·2 million in cash balances at the end of the year.

The Budget—Appendix

5. ESTIMATED SUMMARY OF ASSETS AND LIABILITIES OF CANADA AT MARCH 31, 1954

The following table presents in summary form the estimated balances of the asset and liability accounts as at March 31, 1954, the comparable balances at March 31, 1953, and the estimated change in each category during 1953-54:

TABLE XXXI

SUMMARY OF THE STATEMENT OF THE ASSETS AND LIABILITIES OF CANADA AS AT MARCH 31, 1954 AND MARCH 31, 1953

(In millions of dollars)

—	Balance at March 31		Increase or Decrease(−)
	1954 Estimated	1953	
LIABILITIES			
Floating debt	912·2	863·9	48·3
Deposit and trust accounts	205·0	183·1	21·9
Insurance, pension and guaranty accounts	1,767·8	1,567·1	200·7
Deferred credits	150·8	130·0	20·8
Sundry suspense accounts	358·6	352·0	6·6
Province debt accounts	11·9	11·9	.....
Unmatured funded debt	14,569·5	14,810·5	−241·0
	17,975·8	17,918·5	57·3
ACTIVE ASSETS			
Cash and other current assets	2,539·9	2,591·8	−51·9
Loans to, and investments in, Crown agencies	1,788·2	1,705·2	83·0
Other loans and investments	2,437·5	2,526·1	−88·6
Sinking fund and other investments held for the retirement of debt	100·7	27·6	73·1
Province debt accounts	2·3	2·3	.....
Deferred charges	260·0	249·7	10·3
Sundry suspense accounts	192·0	199·9	−7·9
Total Active Assets	7,320·6	7,302·6	18·0
Less, Reserve for possible losses on ultimate realization of active assets	496·4	545·8	−49·4
Net Active Assets	6,824·2	6,756·8	67·4
NET DEBT (Excess of liabilities over net active assets)	11,151·6	11,161·7	−10·1

Liabilities

The aggregate liabilities of the Government as at March 31, 1954, are estimated at $17,975·8 million, an increase of $57·3 million over the total of $17,918·5 million at the close of the previous fiscal year.

Unmatured funded debt outstanding, including bonds and treasury bills totalled $14,569·5 million or approximately 81 per cent of all liabilities. Of the total outstanding unmatured funded debt, $14,181·6 million or 97·3 per cent is payable in Canada; the balance of $387·9 million is payable in foreign currencies—$337·6 million in United States dollars and $50·3 million in pounds sterling. A complete statement in tabular form of the Government's unmatured funded debt as at March 31, 1954, with details of interest rates, dates of maturity, annual interest charges and amounts of principal outstanding for each loan may be found at the end of this Part.

The Government's liability in respect of insurance, pension and guaranty accounts is expected to total $1,767·8 million at March 31, 1954. Floating debt, which includes outstanding cheques, matured funded debt and similar obligations payable on demand and accounts payable (cheques issued in April in payment of accounts relating to the fiscal year 1953-54) is estimated at $912·2 million.

The other liability items are: sundry suspense accounts (where some uncertainty as to disposal exists), $358·6 million; deposit and trust accounts (consisting of moneys deposited with or held by the Receiver General for various purposes), $205 million; deferred credits (consisting of balances whose ultimate accounting treatment is known, but which are held until certain conditions are fulfilled), $150·8 million and province debt accounts (representing settlements arising out of agreements at the time of Confederation), $11·9 million.

Active Assets

Offsetting the liabilities, and to some extent explaining their existence—as a substantial part of the total debt is attributable to them—are the Government's active assets. For the most part these consist of assets which yield interest, profits or dividends, liquid assets such as cash and departmental working funds together with certain prepaid expenses and sundry suspense accounts.

It is estimated that at the end of the fiscal year the total active assets amounted to $7,320·6 million, an increase of $18 million over the total at the end of the previous fiscal year. The totals of the principal active asset categories as at March 31, 1954 were: cash and other current assets, $2,539·9 million; loans to, and investments in, Crown agencies, $1,788·2 million; other loans and investments (including loans to provincial, municipal and national governments, subscriptions to international organizations and advances to veterans and others), $2,437·5 million; deferred charges, $260 million; sundry suspense accounts, $192 million; sinking fund and other investments held for the retirement of unmatured funded debt, $100·7 million; and province debt accounts, $2·3 million.

The reserve for possible losses on ultimate realization of active assets, which now stands at $496·4 million is shown on the statement of assets and liabilities as a deduction from the total active assets, bringing the net active asset total to $6,824·2 million.

A. Changes in Principal Liability Classifications During 1953-54

The gross liabilities of the Government at March 31, 1954, were $57·3 million more than the total at the end of the previous fiscal year. A decrease of $241 million in unmatured funded debt is more than offset by an overall increase of $298·3 million for all other liability items, due largely to the increase of $200·7 million in insurance, pension and guaranty accounts. Other increases are: $48·3 million in floating debt, $21·9 million in deposit and trust accounts, $20·8 million in deferred credits and $6·6 million in sundry suspense accounts.

Floating Debt

It is estimated that floating debt increased by $48·3 million during the fiscal year. Increases of $39·5 million in matured funded debt outstanding (due for the most part to the fact that some bonds of the March 1, 1954 maturity had not been redeemed at the year end), $11·6 million in outstanding cheques and warrants and $11·4 million in miscellaneous accounts payable are offset, in part, by decreases of $13·5 million in notes and other obligations payable on demand and $1·1 million in interest due and outstanding.

The estimated changes in floating debt during 1953-54 are shown in the following table:

TABLE XXXII

FLOATING DEBT AS AT MARCH 31, 1954 AND MARCH 31, 1953

(In millions of dollars)

—	Balance at March 31		Increase or Decrease(−)
	1954 Estimated	1953	
Matured funded debt outstanding	59·5	20·0	39·5
Notes and other obligations payable on demand	268·5	282·0	−13·5
Interest due and outstanding	56·0	57·1	−1·1
Outstanding cheques and warrants	242·4	230·8	11·6
Miscellaneous accounts payable	269·0	257·6	11·4
Post Office (net liability for money orders, etc.)	16·8	16·4	0·4
	912·2	863·9	48·3

Deposit and Trust Accounts

Deposit and trust accounts increased by $21·9 million during the fiscal year. The principal increase was $18·1 million in the Colombo Plan Fund to which was credited $30·4 million voted by Parliament to provide for assistance to countries in South and South-east Asia. Disbursements from the fund during 1953-54 amounted to $12·3 million.

Insurance, Pension and Guaranty Accounts

The increase in insurance, pension and guaranty accounts is estimated to be $200·7 million. The following table shows the changes in the various accounts for the fiscal year 1953-54:

TABLE XXXIII

INSURANCE, PENSION AND GUARANTY ACCOUNTS AS AT MARCH 31, 1954 AND MARCH 31, 1953

(In millions of dollars)

—	Balance at March 31		Increase or Decrease(−)
	1954 Estimated	1953	
Unemployment Insurance Fund	894·7	863·1	31·6
Less, Investment in bonds and accrued interest	883·1	851·1	32·0
	11·6	12·0	−0·4
Government Annuities	798·8	736·5	62·3
Permanent Services Pension Account	215·6	160·2	55·4
Superannuation Account	659·0	555·0	104·0
Other	82·8	103·4	−20·6
	1,767·8	1,567·1	200·7

The superannuation account increased by $104 million during the fiscal year. This increase is attributable to several factors, the most important of which are the Government's contribution of $38 million in respect of the additional liability created by the general salary increases to civil servants effective December 1, 1953; transfers of $22·5 million from the retirement fund, and $5·6 million from the National Harbours Board Pension Fund due to the coming into force of the Public Service Superannuation Act on January 1, 1954; the Government's contribution of $16·5 million equal to the estimated current and

prior service payments of individuals in 1952-53; interest of $22·2 million credited to the account; and the employees' current and prior service contributions, less payments from the fund.

The Government annuities account is expected to show an increase of $62·3 million and the permanent services pension account an increase of $55·4 million. The increase in the permanent services pension account represents the Government's contribution of $35·3 million (which is made at the rate of one and two thirds times the current contributions and contributions for arrears), interest on the account amouting to $6·6 million and contributions by permanent services personnel for current service and arrears, less the payments from the account.

Other insurance, pension and guaranty accounts show a decrease of $21 million, which included the decrease of $22·5 million in retirement fund transferred to the superannuation account.

Old Age Security Fund

Under the Old Age Security Act pensions of $40 per month are paid to all eligible persons seventy years of age or over without a means test from the old age security fund. During the fiscal year payments from the fund totalled $338·8 million and credits to the fund from the proceeds of the 2 per cent tax on personal incomes, the 2 per cent tax on corporation profits and the 2 per cent sales tax totalled $294 million. The deficit of $44·8 million resulting from these 1953-54 transactions was covered by a temporary loan from the Minister of Finance under the authority of section 11 of the Old Age Security Act.

During the three months' period in the fiscal year 1951-52 in which the Act was in operation, payments of pension from the fund amounted to $76·1 million, receipts from taxes credited to the fund amounted to $26·4 million and the deficit of $49·7 million on the year's transactions was covered by moneys voted by Parliament in Vote 608 of Appropriation Act No. 2, 1952.

In 1952-53, payments of pension from the fund amounted to $323·1 million and receipts from old age security taxes amounted to $223·6 million, and the deficit of $99·5 million for the year was covered by a temporary loan from the Minister of Finance. A large part of the 1952-53 deficit was because the special 2 per cent personal and corporate income taxes only started to be fully payable to the fund in July 1952. The authority of Parliament will be sought to write this amount off in 1953-54 to the reserve for possible losses on ultimate realization of active assets.

With the deficit of the old age security fund for 1951-52 covered by funds voted by Parliament and that for 1952-53 written off to the reserve for active assets, the balance of the temporary loan to the old age security fund at the close of the fiscal year is estimated at $44·8 million, representing the deficit on the fund's operations in 1953-54.

The Budget—Appendix

The following table gives a summary of the transactions in the account for the last three years:

TABLE XXXIV

TRANSACTIONS IN THE OLD AGE SECURITY FUND FOR THE FISCAL YEARS ENDED MARCH 31, 1952, 1953 AND 1954

(In millions of dollars)

	Fiscal Year Ended March 31					
	1954 (Estimated)		1953		1952(1)	
Pension Payments		338·8		323·1		76·1
Tax Receipts—						
2 per cent sales tax	147·7		141·5		24·3	
2 per cent individual income tax	90·7		45·2		0·1	
2 per cent corporation income tax	55·6	294·0	36·9	223·6	2·0	26·4
Excess of pension payments over tax receipts		44·8		99·5		49·7
Temporary loans from Minister of Finance to cover deficit for fiscal year		44·8		99·5		49·7
Carried forward from previous year		99·5		.....		.....
Charged to Parliamentary appropriation		.....		.....		−49·7
Written off to active asset reserve		−99·5		.....		.....
Outstanding at end of fiscal year		44·8		99·5		.....

(1) The Act was in operation for only three months in 1951-52.

A distribution of old age security pension payments by provinces is given in the following table:

TABLE XXXV

OLD AGE SECURITY PAYMENTS BY PROVINCES FOR THE FISCAL YEAR ENDED MARCH 31, 1954

(In millions of dollars)

Newfoundland	7·2
Nova Scotia	17·7
Prince Edward Island	3·2
New Brunswick	12·6
Quebec	72·0
Ontario	125·8
Manitoba	20·0
Saskatchewan	20·1
Alberta	20·1
British Columbia	39·9
Northwest and Yukon Territories	0·2
	338·8

Deferred Credits

The increase in deferred credits is estimated to be $20·8 million. Interest accrued on public debt shows an increase of $12·2 million and balances receivable under agreements of sale of Crown assets, set up as a contra account to an account under the same name in other loans and investments, an increase of $8·7 million.

Sundry Suspense Accounts

Sundry suspense accounts show an increase of $6·6 million for the fiscal year. The transactions in the defence equipment replacement account reflect an increase of $41·4 million in the undisbursed balance of the credits in the account which was established under section 3 of the Defence Appropriation Act, 1950, and subsequent votes of Parliament for the same purpose. Under the

terms of the Defence Appropriation Act, 1950, the value of defence materials and supplies transferred to members of the North Atlantic Treaty Organization may be credited to the account and these credits may be used in subsequent years to purchase equipment or supplies for the naval, army or air services of the Canadian Forces.

The replacement of materiel account established by section 11 of the National Defence Act is credited with amounts realized from the sale of materiel that has not been declared surplus to requirements but has been authorized by the Governor in Council to be sold to other countries and debited with disbursements representing amounts paid for the procurement of replacement materiel. The increase in the account during the fiscal year was $12 million.

Also recorded under this heading was the amount held by the Government in respect of collections of the 5 per cent corporation income tax levied by the provinces that were party to a tax agreement with the Federal Government in the period 1947 to 1951. Under terms of collection agreements with the provinces, this tax was collected by the Federal Government and the proceeds thereof, when returns were finally assessed, were turned over to the provinces. The amount turned over to the provinces, (less any small amounts which represented collection of interest and penalties) was deducted from the stipulated tax rental payments and thus reduced the Federal expenditures shown on this account.

This arrangement was not continued under the new tax agreements signed for a further five years in 1952 and the provincial corporation income tax was not levied on profits earned after December 31, 1951. However, substantial amounts were collected after 1951 in respect of tax liability incurred during the five years when the tax was in force and towards the end of 1952-53 the account contained approximately $92 million. Prior to 1952-53 amounts in this account, when turned over to the provinces, served to reduce Federal Government expenditures on account of tax rental payments but under the new agreements signed in 1952 the provinces gave up all rights in these collections remaining in the Suspense Account. Accordingly the amount in the account instead of being applied to the reduction of tax rental payments is to be taken into revenue. At the end of 1952-53 the amount of $45 million was transferred from the account to revenue as "Special receipts and credits". As the assessments for the taxation years 1947 to 1951 are now almost all completed, the balance of $46·9 million remaining in the account at the end of 1953-54 has been transferred to revenue as "Special receipts and credits" and the account closed out.

Province Debt Accounts

There were no changes in the province debt accounts during the fiscal year. The amounts have remained unchanged for many years.

Funded Debt Unmatured

The unmatured funded debt outstanding at the close of the fiscal year was $14,569·5 million. The reduction of $241 million reflects decreases of $234·3 million in debt payable in Canada, $2·6 million in the Canadian dollar equivalent of debt payable in London and $4·1 million in the Canadian dollar equivalent of debt payable in New York. The details of the various loan redemptions, flotations and adjustments resulting in this net decrease are described more fully in the section on "The Public Debt".

B.—CHANGES IN THE PRINCIPAL ACTIVE ASSET CLASSIFICATIONS DURING 1953-54

It is estimated that the total of the active assets increased $18 million during 1953-54. However, the reserve for possible losses on ultimate realization of active assets was reduced by $49·5 million during the year, an additional provision of $50 million for the reserve being offset by a charge of $99·5 million, representing the amount of temporary loans made to the old age security fund in 1952-53, written off to the reserve in 1953-54. These changes have the effect of increasing the total of net active assets by $67·4 million. Increases of $83 million in loans to, and investments in, Crown agencies, $73·1 million in sinking fund and other investments held for the retirement of debt and $10·3 million in deferred charges are offset, in part, by decreases of $88·6 million in other loans and investments, $51·9 million in cash and other current assets and $7·9 million in sundry suspense accounts.

Cash and Other Current Assets

It is estimated that there was a decrease of $51·9 million in cash and other current assets in the fiscal year 1953-54. The changes in the various accounts in this category are summarized in the following table:

TABLE XXXVI

CASH AND OTHER CURRENT ASSETS AS AT MARCH 31, 1954 AND MARCH 31, 1953
(In millions of dollars)

—	Balance at March 31		Increase or Decrease(−)
	1954 Estimated	1953	
Cash in current and special deposits (including blocked currency of $1·5 million at March 31, 1954 and $2·1 million at March 31, 1953)	376·3	255·8	120·5
Cash in hands of collectors and in transit	120·0	129·7	−9·7
Other liquid assets—			
Exchange fund account—Advances represented by cash and securities	1,763·8	1,770·8	−7·0
Securities investment account	18·0	59·5	−41·5
Working Capital Advances—			
Crown corporations	23·6	23·9	−0·3
Defence production revolving fund	85·0	102·1	−17·1
Temporary loan to old age security fund	44·8	99·5	−54·7
Departmental	46·9	96·0	−49·1
Miscellaneous departmental imprest and advance accounts	32·0	24·0	8·0
Other current assets	29·5	30·5	−1·0
	2,539·9	2,591·8	−51·9

The principal changes as shown in the table are increases of $120·5 million in cash in current and special deposits and $8 million in miscellaneous departmental imprest and advance accounts offset by an overall decrease of $180·4 million for all other asset items, the chief of which are: temporary loan to the old age security fund $54·7 million, departmental working capital advances $49·1 million, securities investment account $41·5 million, defence production revolving fund $17·1 million, cash in hands of collectors and in transit, $9·7 million and the exchange fund account $7 million.

Advances to the exchange fund during the year are estimated at $140 million, and repayments $155 million leaving a net decrease in advances for the year of $15 million which was reduced by $8 million reflecting the decrease during

1953 in the fund's revaluation deficit which at December 31, 1953, was $191·2 million compared with $199·2 million at end of the preceding year thus showing a net change of $7 million in the balance of the fund for the fiscal year.

The decrease of $66·2 million in departmental working capital advances is accounted for by decreases of $17·1 million in defence production revolving fund and $49·8 million in agricultural prices support account, reflecting the credit to the account of $37·8 million representing the estimated loss on operation for 1953-54, which is included in the year's expenditures and $12 million, the net credit to the account from sales and purchases during the year by the Agricultural Prices Support Board.

It is proposed that the amount of $99·5 million, the advances to the old age security fund representing the deficit of the fund for 1952-53, will be written off to the reserve for possible losses on ultimate realization of active assets and credited to the temporary loan to the old age security fund. The credit of $99·5 million less the advances of $44·8 million to the fund to cover the estimated deficit of the fund for 1953-54 will result in a credit in the temporary loan to the old age security fund for the year of $54·7 million.

Loans to, and Investments in, Crown Agencies

It is estimated that loans to, and investments in, Crown agencies increased by $83 million during the fiscal year. The more important changes are an increase of $92·5 million in loans to Central Mortgage and Housing Corporation and a decrease of $18·1 million in the loans and advances to the Canadian National Railways. The following table shows the changes in this category.

TABLE XXXVII

LOANS TO, AND INVESTMENTS IN, CROWN AGENCIES AS AT MARCH 31, 1954 AND MARCH 31, 1953

(In millions of dollars)

—	Balance at March 31		Increase or Decrease(—)
	1954 Estimated	1953	
Atomic Energy of Canada, Limited	15·6	8·8	6·8
Bank of Canada—Capital Stock	5·9	5·9	.....
Canadian Broadcasting Corporation	16·0	11·3	4·7
Canadian Farm Loan Board	32·6	28·9	3·7
Canadian National Railways	1,027·4	1,045·5	—18·1
Central Mortgage and Housing Corporation—			
Capital Advances	25·0	25·0	.....
Loans	500·0	407·5	92·5
Defence Construction (1951) Limited	.....	2·8	—2·8
Eldorado Mining and Refining Limited	8·2	8·2	.....
Export Credits Insurance Corporation	5·0	5·0	.....
National Harbours Board	106·0	106·8	—0·8
Northwest Territories Power Commission	8·1	8·5	—0·4
Polymer Corporation Limited	34·0	37·0	—3·0
Other Crown Agencies	4·4	4·0	0·4
	1,788·2	1,705·2	83·0

Loans to Central Mortgage and Housing Corporation for the fiscal year were $101 million, of which $89 million is for lending purposes, $2 million for construction and $10 million for federal-provincial housing projects. Repayments of $8·5 million bring the net increase in advances for the year to $92·5 million.

In the fiscal year ended March 31, 1954, the Government advanced $121 million to the Canadian National Railway Company for capital purposes, the retirement of funded debt in the hands of the public and to cover the operating deficit of the Company for the first three months of 1954. From the proceeds of a $200 million twenty year 3¾% bond issue sold to the public early in 1954, the Company repaid the Government $147·8 million of advances for capital purposes. In addition, it repaid a temporary loan of $16 million obtained during the early part of the calendar year, 1953, when the operations of the Railway were resulting temporarily in a deficit. As a consequence of all these transactions the advances to the Company were reduced by $38·8 million during the fiscal year.

In addition, the Government purchased $20·7 million of 4 per cent preferred stock of the Canadian National Railway Company in order to assist the Company to finance additional capital expenditures. This stock is issued under the authority of the Canadian National Railways Capital Revision Act, 1952, in an amount equal to three per cent of the gross revenues of the Company.

The advances to the National Harbours Board were reduced by $0·8 million during 1953-54, bringing the amount outstanding to $106 million at the close of the year. The balance represents all the outstanding advances in connection with harbour developments at Montreal and Vancouver, and a portion of those in respect of Three Rivers.

Polymer Corporation Limited, a Crown corporation engaged in the manufacture of synthetic rubber, reduced its indebtedness during the year by $3 million.

Advances to the Canadian Farm Loan Board were $32·6 million at the fiscal year-end, an increase of $3·7 million over the total at March 31, 1953.

Other increases in loans to, and investments in, Crown agencies were $6·8 million for Atomic Energy of Canada Limited, and $4·7 million for Canadian Broadcasting Corporation.

Other Loans and Investments

It is estimated that other loans and investments decreased by $88·6 million during the fiscal year. The following table shows the main accounts in this category together with the changes during the fiscal year:

TABLE XXXVIII

OTHER LOANS AND INVESTMENTS AS AT MARCH 31, 1954 AND MARCH 31, 1953

(In millions of dollars)

—	Balance at March 31		Increase or Decrease(−)
	1954 Estimated	1953	
Loans to United Kingdom and other governments	1,772·3	1,864·9	−92·6
Subscription to capital of International Monetary Fund	322·5	322·5	.....
Subscription to capital of International Bank for Reconstruction and Development	70·9	70·9	.....
Loans to provincial and municipal governments	83·5	87·2	−3·7
Advances under Soldier Settlement and Veterans' Land Acts	161·9	162·7	−0·8
Miscellaneous loans and investments	26·4	17·9	8·5
	2,437·5	2,526·1	−88·6

The loans to the United Kingdom and other governments consist of loans to the Government of the United Kingdom under the authority of The War Appropriation (United Kingdom Financing) Act, 1942, and the United Kingdom Financial Agreement Act, 1946, loans to other governments under Part II of the Export Credits Insurance Act and miscellaneous foreign loans. The following table shows the changes in this category during the fiscal year:

TABLE XXXIX

LOANS TO UNITED KINGDOM AND OTHER GOVERNMENTS

(In millions of dollars)

—	Balance at March 31		Increase or Decrease(−)
	1954 Estimated	1953	
Loans to United Kingdom—			
The War Appropriation (United Kingdom Financing) Act, 1942	142·5	196·1	−53·6
The United Kingdom Financial Agreement Act, 1946	1,142·1	1,156·7	−14·6
	1,284·6	*1,352·8*	*−68·2*
Loans to Other Governments—			
The Export Credits Insurance Act, Part II	440·8	460·2	−19·4
Miscellaneous advances	46·9	51·9	−5·0
	487·7	*512·1*	*−24·4*
	1,772·3	1,864·9	−92·6

Under the terms of an agreement entered into on August 13, 1953, between the Governments of the United Kingdom and Canada, the Government of the United Kingdom agreed to reduce the unpaid balance of the $700 million interest-free loan granted under the provisions of the War Appropriation (United Kingdom Financing) Act, 1942, which then amounted to $188·6 million, to $150 million and to repay the balance by quarterly instalments of $7·5 million payable on March 1, June 1, September 1 and December 1 in each year, the first instalment to be paid on March 1, 1954, and the final instalment on December 1, 1958. Under the agreement the loan is to continue to be free of interest until December, 1958.

During the fiscal year 1953-54, the Government of the United Kingdom repaid $53·6 million of this loan reducing the balance outstanding at March 31, 1954 to $142·5 million.

In addition, the Government of the United Kingdom repaid $14·6 million on account of the $1,185 million loan made under the United Kingdom Financial Agreement Act, 1946, reducing the balance outstanding at the fiscal year end to $1,142·1 million.

Outstanding advances made under authority of Part II of the Export Credits Insurance Act are estimated at $440·8 million, at March 31, 1954, a decrease of $19·4 million for the fiscal year. Advances under this Act represent loans made to certain foreign countries to assist them in purchasing goods and services in Canada. Miscellaneous advances to national governments show a decrease of $5 million, of which $3·6 million is due to the repayment by the Government of the Union of Soviet Socialist Republics of advances made under authority of section 3 of the War Expenditure and Demobilization Appropriation Act, chap. 37, 1945 (2nd Sess.).

A summary of the outstanding advances under Part II of the Export Credits Insurance Act is given in the following table:

TABLE XL

ADVANCES TO FOREIGN GOVERNMENTS UNDER PART II OF THE EXPORT CREDITS INSURANCE ACT
(In millions of dollars)

—	Total Outstanding at March 31 1953	Repayments during 1953-54	Total Outstanding at March 31 1954
Belgium	55·4	2·3	53·1
China	49·4	.....	49·4
Czechoslovakia	9·9	.....	9·9
France	209·2	8·4	200·8
Indonesia	7·7	1·5	6·2
Netherlands	110·2	4·6	105·6
Norway	18·4	2·6	15·8
	460·2	19·4	440·8

All payments falling due during the fiscal year 1953-54 have been received in accordance with the agreements entered into by the Governments of the various countries and the Government of Canada with the exception of payments owing by the Governments of China and Czechoslovakia.

Miscellaneous loans and investments increased by an estimated $8·5 million during the year. Included in this category are the balances receivable under agreements of sale of Crown assets which show an estimated increase of $8·1 million, of which $8·0 million is the balance due by A. V. Roe Canada Limited from a sale to that Company of Crown assets. (A contra account to these balances receivable under agreements of sale of Crown assets is included in deferred credits).

Sinking Fund and Other Investments held for the Retirement of Unmatured Funded Debt

There was an increase of $73·1 million in these assets during the fiscal year, due mainly to the purchase of $75 million 3 per cent Government of Canada New York Loan 1948-63 bonds having a value in Canadian dollars of $72·7 million

Deferred Charges

Deferred charges increased by $10·3 million during the fiscal year, reflecting a net increase of $10·3 million in unamortized discounts and commissions on loans, due to the payment of $29·5 million for discounts and commissions on new loans offset by the annual amortization charges of $19·2 million on past loans applicable to and included in the expenditure for 1953-54.

Sundry Suspense Accounts

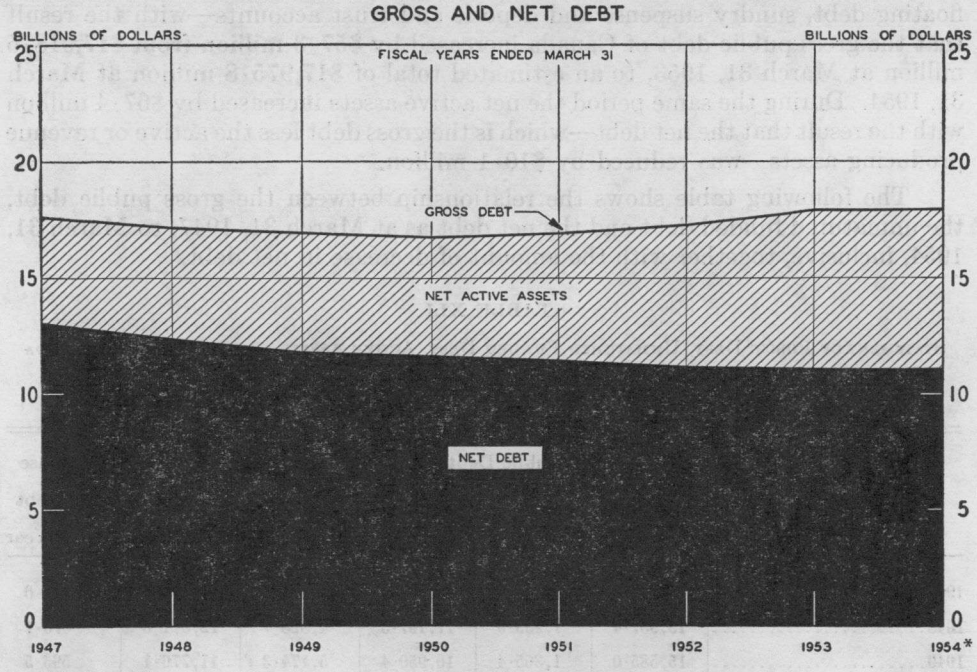
The decrease of $7·9 million in sundry suspense accounts is due to the fact that the deficit arising from the exchange revaluations in respect of the assets and liabilities of the exchange fund account was $191·2 million at December 31, 1953, compared with $199·2 million at the close of the previous year.

Reserve for Possible Losses on Ultimate Realization of Active Assets

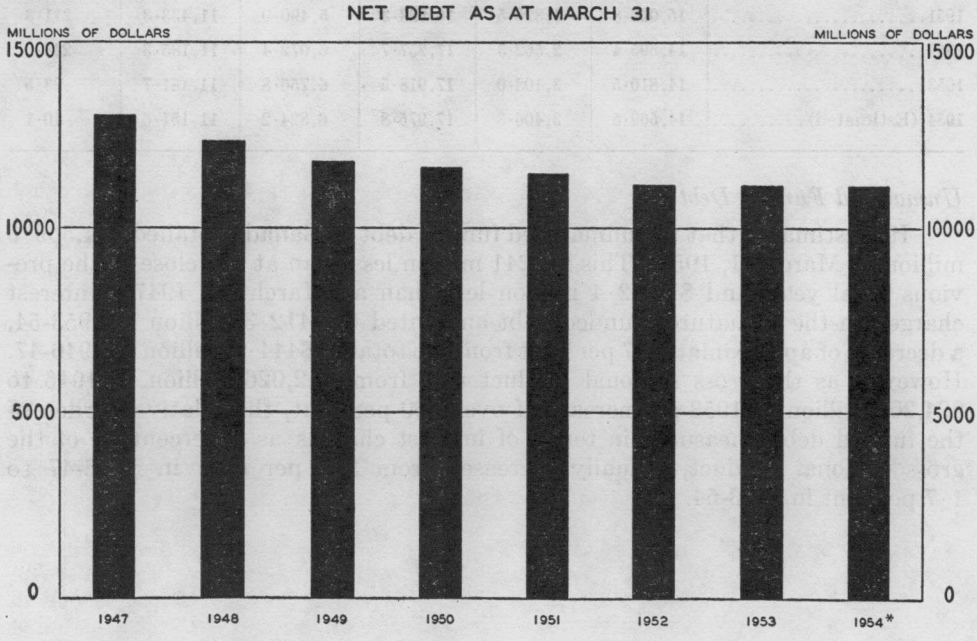
The sum of $50 million was added to the reserve for possible losses on the ultimate realization of active assets with a corresponding amount shown as an expenditure during the year and $99·5 million was written off the reserve in respect of the temporary loan to the old age security fund in 1952-53 resulting in a decrease of $49·5 million in the account for the year. The balance of the reserve as at March 31, 1954, is estimated at $496·4 million.

C. Decrease in Net Debt

The estimated surplus of $10·1 million for the fiscal year resulted in a corresponding decrease in the net debt of Canada, reducing it from $11,161·7 million at March 31, 1953, to $11,151·6 million at March 31, 1954.



*Estimated.



*Estimated.

6. THE PUBLIC DEBT

Gross and Net Debt

The unmatured funded debt of Canada decreased by $241 million during the fiscal year but this decrease was more than offset by an increase of $298·3 million in other liabilities—principally in insurance, pension and guaranty, floating debt, sundry suspense and deposit and trust accounts—with the result that the gross public debt of Canada increased by $57·3 million from $17,918·5 million at March 31, 1953, to an estimated total of $17,975·8 million at March 31, 1954. During the same period the net active assets increased by $67·4 million with the result that the net debt—which is the gross debt less the active or revenue producing assets—was reduced by $10·1 million.

The following table shows the relationship between the gross public debt, the unmatured funded debt and the net debt as at March 31, 1947, to March 31, 1954, inclusive, together with the amount of decrease in net debt.

TABLE XLI

STATEMENT OF PUBLIC DEBT, UNMATURED FUNDED DEBT, ACTIVE ASSETS AND NET DEBT OF CANADA AS AT MARCH 31, 1947 TO 1954 INCLUSIVE

(In millions of dollars)

As at March 31	Gross Public Debt			Less Active Assets	Net Debt	Decrease in Net Debt During Fiscal Year
	Unmatured Funded Debt	Other Liabilities	Total			
1947	16,541·9	1,156·3	17,698·2	4,650·4	13,047·8	373·6
1948	15,957·4	1,239·9	17,197·3	4,825·7	12,371·6	676·1
1949	15,585·0	1,365·4	16,950·4	5,174·3	11,776·1	595·5
1950	15,188·1	1,562·7	16,750·8	5,106·1	11,644·6	131·5
1951	15,026·8	1,896·5	16,923·3	5,490·0	11,433·3	211·3
1952	14,695·4	2,562·3	17,257·7	6,072·4	11,185·3	248·0
1953	14,810·5	3,108·0	17,918·5	6,756·8	11,161·7	23·5
1954 (Estimated)	14,569·5	3,406·3	17,975·8	6,824·2	11,151·6	10·1

Unmatured Funded Debt

It is estimated that the unmatured funded debt of Canada totalled $14,569·5 million at March 31, 1954. This is $241 million less than at the close of the previous fiscal year, and $1,972·4 million less than at March 31, 1947. Interest charges on the unmatured funded debt amounted to $412·3 million in 1953-54, a decrease of approximately 7 per cent from the total of $444·1 million in 1946-47. However, as the gross national product rose from $12,026 million in 1946 to $24,260 million in 1953 an increase of over 100 per cent, the relative burden of the funded debt, measured in terms of interest charges as a percentage of the gross national product, actually decreased from 3·7 per cent in 1946-47 to 1·7 per cent in 1953-54.

Summary of Security Issues and Redemptions during the year

During the fiscal year 1953-54 the Government issued securities payable in Canadian dollars in the principal amount of $3,150 million (excluding the refunding of treasury bills which mature periodically) and redeemed maturity issues in the amount of $3,386·1 million of which $3,384·3 million was payable in Canadian dollars and $1.8 million in sterling.

The financing of these redemptions was effected as follows:

(in millions of dollars)

By proceeds of new issues:		
Canada Savings Bonds Series 8 (net)	860	
Twenty-five Year Loan	40	
Increase in Treasury Bills	50	
		950·0
By refunding or conversion into new issues		2,200·0
By available cash—		
Payable in Canada	234·3	
Payable in London	1·8	
		236·1
		3,386·1

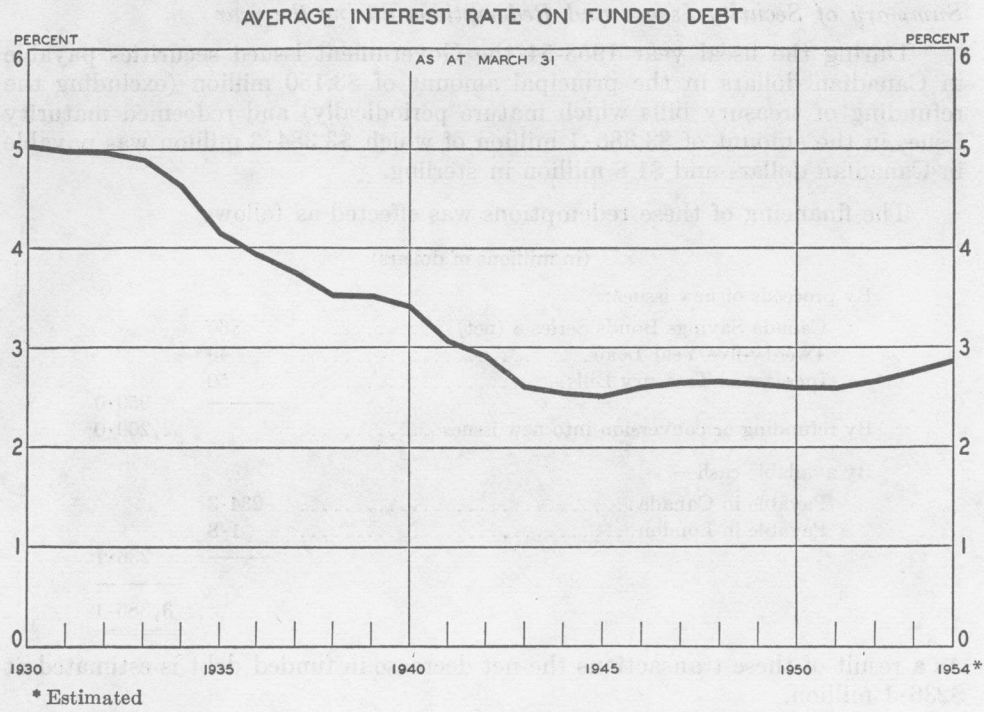
As a result of these transactions the net decrease in funded debt is estimated at $236·1 million.

The Canadian dollar value of the Government's unmatured external funded debt is estimated to have decreased by $6·7 million during the fiscal year. Of this amount $4·1 million is in respect of indebtedness payable in United States dollars and $2·6 million in respect of sterling debt. Apart from the redemption of $1·8 million of 4% Registered Stock payable in sterling referred to above, the reduction resulted from revaluation of liabilities payable in sterling and United States dollars consequent upon the change in the exchange rates as compared with the previous fiscal year end.

As unmatured funded debt payable in Canada decreased by $234·3 million and as debt payable in sterling and United States dollars decreased by $6·7 million, the net decrease during the year in unmatured funded debt was $241 million.

Average interest rates on unmatured funded debt

The average coupon rate of the Government's outstanding funded debt at the close of the fiscal year was 2·86 per cent compared with 2·77 per cent at the close of the previous fiscal year.



* Estimated

Further details of redemptions and new issues of securities during the fiscal year are set out in the following tables:

TABLE XLII

REDEMPTION OF FUNDED DEBT DURING FISCAL YEAR ENDED MARCH 31, 1954.

Maturity Date	Interest Rate	Where Payable	Amount
	%		$
May 1, 1953	1¾	Canada	200,000,000
May 15, 1953, Deposit Certificates	1¾	Canada	200,000,000
September 1, 1953	2	Canada	550,000,000
November 1, 1953	2	Canada	200,000,000
November 1, 1953	2	Canada	200,000,000
November 1, 1953	2	Canada	300,000,000
March 1, 1954	2¼	Canada	550,000,000
March 1, 1954	3	Canada	676,355,489
September 1, 1958, Registered Stock	4	London	1,764,770
War Savings Certificates	3	Canada	36,283,540
Canada Savings Bonds, Series 1-7	2¾—3¾	Canada	471,748,100
Total Redemption of Debt	.....	.....	3,386,151,899

TABLE XLIII

NEW SECURITY ISSUES DURING FISCAL YEAR ENDED MARCH 31, 1954

—	Issue Date	Maturity Date	Interest Rate	Price to Government	Yield at Price to Government	Total Amount Issued	Renewals or Reconversion Included in Amount Issued	Amount Issued for Cash
			%		%	$	$	$
Issued to Bank of Canada—								
Six Months Treasury Notes	May 1, 1953	Nov. 1, 1953	2	100·00	2·00	200,000,000	200,000,000	.....
Six Months Treasury Notes	Sept. 1, 1953	Mar. 1, 1954	2¼	100·00	2·25	550,000,000	550,000,000	.....
Six Months Treasury Notes	Nov. 1, 1953	May 1, 1954	2¼	100·00	2·25	200,000,000	200,000,000	.....
Six Months Treasury Notes	Mar. 1, 1954	Sept. 1, 1954	2	100·00	2·00	550,000,000	550,000,000	.....
						1,500,000,000	1,500,000,000	.....
Issued to General Public—								
Loan One Year Eight Months	Nov. 1, 1953	July 1, 1955	2¼	98·00	3·49	400,000,000	400,000,000	.....
Loan Four Years Six Months	Nov. 1, 1953	May 1, 1958	3	97·15	3·69	300,000,000	300,000,000	.....
Twenty-Five Year Loan	Jan. 15, 1953	Jan. 15, 1978	3¾	97·59	3·91	40,000,000	.....	40,000,000
Canada Savings Bonds Series VIII Net	Nov. 1, 1953	Nov. 1, 1965	3¾	98·875	.....	860,000,000	.....	860,000,000
Increase in Treasury Bills	Various	Various	Various	Various	Various	50,000,000	.....	50,000,000
						1,650,000,000	700,000,000	950,000,000
GRAND TOTAL	.....	.....	.....	.....	.....	3,150,000,000	2,200,000,000	950,000,000

The Budget—Appendix

Contingent Liabilities

In addition to the direct debt set out in the statement of assets and liabilities, the Government has certain contingent liabilities. These consist of securities issued by various Government owned enterprises (such as the Canadian National Railways, the Canadian National (West Indies) Steamships, Limited, and the Saint John Harbour Commission), guaranteed as to principal and interest or as to interest only, and a number of other miscellaneous guarantees, the chief of which are the guarantee of deposits maintained by the chartered banks in the Bank of Canada and of bank advances to the Canadian Wheat Board; the guarantees of certain loans made by chartered banks to veterans or farmers for certain authorized purposes; guarantees under The Export Credits Insurance Act and certain commitments under the housing legislation.

The following tables give details of the bonds and debenture stocks guaranteed by the Government, and also indicate the nature and approximate extent of the Government's other guarantees and contingent liabilities. The most significant change during the fiscal year was the sale of $200,000,000 3¾ per cent guaranteed bonds of the Canadian National Railway Company. The proceeds were applied to the redemption of $50,0000,00 5 per cent Bonds due February 1, 1954 and to the repayment of interest-bearing capital advances from the Government of Canada.

TABLE XLIV

BONDS AND DEBENTURE STOCKS GUARANTEED BY THE GOVERNMENT AS AT MARCH 31, 1954

Date of Maturity	Issue	Interest Rate	Estimated Amount Outstanding
		%	$
May 1, 1954	City of Saint John Debentures assumed by Saint John Harbour Commissioners	5¼	3,329
Mar. 1, 1955	Canadian National (West Indies) Steamships Limited	5	9,400,000
June 15, 1955	Canadian National	4¼	48,496,000
Feb. 1, 1956	Canadian National	4½	67,368,000
July 1, 1957	Canadian National	4½	64,136,000
July 20, 1958	Canadian Northern	3½	5,636,506
Jan. 15, 1959	Canadian National	3	35,000,000
May 4, 1960	Canadian Northern Alberta	3½	550,727
May 19, 1961	Canadian Northern Ontario	3½	3,597,518
Jan. 1, 1962	Grand Trunk Pacific	3	26,465,130
Jan. 1, 1962	Grand Trunk Pacific	4	7,999,074
Jan. 3, 1966	Canadian National	3	35,000,000
Jan. 2, 1967	Canadian National	2¾	50,000,000
Sept. 15, 1969	Canadian National	2⅝	70,000,000
Jan. 16, 1971	Canadian National	2⅝	40,000,000
Feb. 1, 1974	Canadian National	3¼	200,000,000
June 15, 1975	Canadian National	2¾	6,000,000
Perpetual	Grand Trunk Debenture Stock	5	696,493
Perpetual	Great Western Debenture Stock	5	223,331
Perpetual	Grand Trunk Debenture Stock	4	2,803,579
Perpetual	Northern Railway of Canada Debenture Stock	4	8,254
			673,383,941

TABLE XLV

OTHER OUTSTANDING GUARANTEES AND CONTINGENT LIABILITIES

	Estimated Amount Outstanding
Deposits maintained by the chartered banks in the Bank of Canada (February 27, 1954)	$ 676,629,369
Bank advances re Province of Manitoba Savings Office (February 22, 1954)	2,540,078
Province of Manitoba Treasury Bill (March 31, 1954)	1,000,000
Loans made by chartered banks under the Farm Improvement Loans Act (January 31, 1954)	31,460,019
Loans made by chartered banks under the Veterans' Business and Professional Loans Act (December 31, 1953)	2,092,918
Guarantees under Part II of the Export Credits Insurance Act (March 31, 1954)	8,925,000
Loans made by approved lending institutions under Dominion and National Housing Acts (December 31, 1953)	Indeterminate
Guarantees of land assembly projects under National Housing Act (December 31, 1953)	543,286
Loans made by approved lending institutions under Part IV of the National Housing Act, 1944, for home extensions or improvements (December 31, 1953)	7,214
Loans made by chartered banks under The Prairie Producers' Interim Financing Act, 1951 (January 31, 1954)	29,034
Loans made by chartered banks to Canadian Wheat Board (February 27, 1954)	69,117,693

7. SUPPLEMENTARY DETAILED TABLES

REVENUES

EXPENDITURES

LOANS AND ADVANCES AND INVESTMENTS

UNMATURED FUNDED DEBT

83276—243

The Budget—Appendix

STATEMENT OF REVENUES FOR THE LAST FIVE FISCAL YEARS

(thousands of dollars)

—	1949-50	1950-51	1951-52	1952-53	Estimated 1953-54
	$	$	$	$	$
TAX REVENUE—					
Direct Taxes—					
Direct taxes on incomes—					
Individual income tax	621,982	652,329	975,776	1,225,276	1,280,000
Less old age security tax transferred to old age security fund	.....	.....	−100	−45,250	−90,700
Tax on interest, dividends, rents and royalties going abroad	47,475	61,610	55,017	53,674	54,000
Corporation income tax	603,193	799,197	1,132,680	1,276,940	1,249,000
Less old age security tax transferred to old age security fund	.....	.....	−2,000	−36,850	−55,600
Excess profits tax	−1,788	10,141	2,365	.....	.....
Total direct taxes on incomes	1,270,862	1,523,277	2,163,738	2,473,790	2,436,700
Succession duties	29,920	33,599	38,208	38,071	40,000
Total Direct Taxes	1,300,782	1,556,876	2,201,946	2,511,861	2,476,700
Indirect Taxes—					
Customs import duties	225,878	295,722	346,365	389,442	408,000
Excise duties—					
Spirits, malt and beer	107,035	129,390	120,851	127,684	133,000
Cigarettes, tobacco and cigars	115,982	114,486	100,711	116,914	98,000
Licenses	38	38	36	38	38
Less refunds	−2,490	−2,868	−3,658	−3,276	−3,038
Total Excise Duties	220,565	241,046	217,940	241,360	228,000
Excise taxes—					
Sales tax	415,222	470,627	611,492	725,398	759,700
Less old age security tax transferred to old age security fund	.....	.....	−24,298	−141,558	−147,700
Automobiles, tires and tubes	38,193	70,841	100,904	89,883	101,000
Beverages (soft drinks)	1,627	7,212	19,230	12,481	12,000
Candy and chewing gum	1,030	10,880	11,531	12,391	12,800
Cigarette papers and tubes	7,223	7,734	423	.....	.....
Cigarettes, tobacco and cigars	83,497	85,199	106,354	102,645	110,000
Electrical appliances	.....	2,080	4,893	4,305	5,000
Furs	2,937	4,509	4,793	5,710	4,000
Jewellery, watches, ornaments, etc	4,077	6,459	9,714	7,488	7,500
Matches and lighters	1,091	1,161	1,855	1,394	1,300
Stamps on cheques, money orders etc.	9,898	10,945	11,346	10,561	.....
Stoves, washing machines and refrigerators	.....	.....	10,923	1,546	.....
Television sets, radios, tubes and phonographs	3,101	5,548	8,252	10,706	16,500
Toilet preparations	4,316	4,551	8,467	7,195	7,000
Transportation and communication	3,967	.....	.....	.....	.....
Trunks, bags, luggage etc	2,257	2,604	3,969	3,603	3,500
Wines	2,126	2,225	2,167	2,216	2,200
Sundry commodities	2,310	4,327	7,173	5,964	6,700
Licenses, interest and miscellaneous	370	372	463	461	500
Less refunds (mainly sales-tax)	−11,785	−10,506	−13,723	−20,499	−20,000
Total Excise Taxes	571,457	686,768	885,928	841,890	882,000
Other Taxes—					
Chartered bank note circulation	121	.....	.....	.....	.....
Insurance premiums	3,789	4,228	4,753	12,361	13,600
Miscellaneous	525	710	843	679	700
Total Indirect Taxes	1,022,335	1,228,474	1,455,829	1,485,732	1,532,300
Total Revenue from Taxes	2,323,117	2,785,350	3,657,775	3,997,593	4,009,000

STATEMENT OF REVENUES FOR THE LAST FIVE FISCAL YEARS—*Concluded*

(thousands of dollars)

——	1949-50	1950-51	1951-52	1952-53	Estimated 1953-54
	$	$	$	$	$
TAX REVENUE—*Concluded*					
NON-TAX REVENUE—					
Post Office	84,512	90,443	104,610	111,905	111,500
Return on investments	91,529	89,529	117,622	116,906	147,500
Bullion and coinage	4,523	4,708	4,838	4,386	4,800
Premium, discount and exchange	.....	17,562	17,697	1,467	3,900
Other	25,035	31,106	37,205	45,471	49,700
Total Non-Tax Revenue	205,599	233,348	281,972	280,135	317,400
Total Ordinary Revenue	2,528,716	3,018,698	3,939,747	4,277,728	4,326,400
SPECIAL RECEIPTS AND CREDITS—					
Sale of surplus Crown assets	16,351	19,613	14,712	7,638	7,866
Central Mortgage and Housing Corporation—					
Profits paid to Receiver General	4,241	2,862	3,144	2,054	(1)
Proceeds and depreciation reserve with respect to the sale of wartime housing properties	2,535	4,351	9,843	6,701	5,235
Refundable portion of income tax and excess profits tax—Transfer to revenue of excess reserves set up in previous years	.....	25,000	7,367	.....	.....
Transfer to revenue of provincial 5 per cent corporation income tax suspense account pursuant to the 1952 tax rental agreements	.....	.....	.....	45,000	46,900
Sale of Crown assets under agreements of sale	.....	.....	.....	.....	9,204
Payment received from the Government of the Union of Soviet Socialist Republics in settlement of equipment and material delivered under mutual aid after September 2, 1945	.....	.....	.....	.....	2,807
Transfer to revenue of Canadian Wheat Board suspense account	.....	.....	.....	6,325	.....
Surplus of Canadian Arsenals, Limited	.....	.....	.....	6,114	(1)
Write-up to active assets—Atomic Energy of Canada, Limited—Capital stock	.....	.....	.....	4,794	.....
Miscellaneous special receipts	28,298	42,012	6,096	4,469	1,674
Total Special Receipts and Credits	51,425	93,838	41,162	83,095	73,686
TOTAL REVENUE	2,580,141	3,112,536	3,980,909	4,360,823	4,400,086

(1) Included in Return on Investments.

The Budget—Appendix

STATEMENT OF EXPENDITURES BY DEPARTMENTS AND MAJOR CATEGORIES FOR THE LAST FIVE FISCAL YEARS

(thousands of dollars)

—	1949-50	1950-51	1951-52	1952-53	Estimated 1953-54
	$	$	$	$	$
Agriculture—					
Administration and general	644	692	733	824	868
Science service	5,684	6,685	6,992	8,136	8,967
Experimental farms service	5,810	7,140	7,729	8,272	8,693
Production service	8,771	9,182	9,335	9,337	9,671
Marketing service	4,387	4,936	4,555	4,780	4,412
Rehabilitation and reclamation projects	8,846	13,212	11,813	13,852	14,850
Freight assistance on western feed grains	16,764	15,638	14,999	20,661	17,000
Premium on hog carcasses suitable for export to United Kingdom	4,982	5,100	5,374	6,405	4,925
Advances to prairie farm emergency fund	13,138	4,304	.....	.....	.....
Payment to Canadian Wheat Board for distribution to producers	.....	65,000	.....	.....	.....
Net operating loss—Agricultural prices support account	3,473	3,485	1,743	32,533	37,759
Other expenditure	2,548	7,411	3,861	1,911	2,111
	75,047	*142,785*	*67,134*	*106,711*	*109,256*
Auditor General's Office	562	574	601	576	618
Canadian Broadcasting Corporation	2,772	2,405	8,301	8,235	8,304
Payment from the consolidated revenue fund of amounts equal to taxes collected under the Excise Tax Act in respect of radio and television sets and equipment	.....	.....	.....	.....	16,500
					24,804
Office of the Chief Electoral Officer	4,456	278	368	465	5,508
Citizenship and Immigration—					
Administration and general	376	531	1,114	1,399	1,717
Immigration branch	4,957	5,578	8,073	7,063	7,533
Indian Affairs branch	12,368	14,564	14,054	15,184	16,645
	17,701	*20,673*	*23,241*	*23,646*	*25,895*
Civil Service Commission	1,513	1,580	1,692	1,910	2,060
Defence Production—					
Administration and general	.....	.....	8,284	9,738	10,375
Capital assistance to defence industry	.....	.....	22,695	79,079	39,500
	.....	.....	*30,979*	*88,817*	*49,875*
External Affairs	7,050	7,654	8,225	9,146	10,464
Membership in commonwealth and international organizations	2,671	2,962	2,724	3,477	3,533
Assistance to other countries and international organizations	6,959	11,464	26,634	26,628	31,450
	16,680	*22,080*	*37,583*	*39,251*	*45,447*
Finance—					
Departmental administration and general	5,448	7,354	8,361	9,385	9,468
Office of the Comptroller of the Treasury	11,140	11,345	12,554	13,310	13,805
Interest on public debt	439,816	425,217	432,423	451,340	476,665
Additional amount required to place interest on public debt on accrual basis	.....	.....	87,510	.....	.....
Cost of issuing new loans and annual amortization of bond discounts and commissions	10,546	13,354	10,717	13,072	19,033
Servicing of public debt	478	449	385	508	612
Subsidies to provinces	19,170	18,735	20,108	20,108	20,108
Compensation to provinces—					
Tax rental agreements, 1947 Act	76,881	94,123	96,868	23,795	1
Tax rental agreements, 1952 Act	.....	.....	.....	284,778	309,227
Transfer of certain public utility tax receipts, sec. 7, 1947 tax rental agreements act	1,375	4,565	3,732	4,370	4,000
Transitional grant to Newfoundland	6,500	6,500	6,500	5,650	4,800
Government contributions with respect to the superannuation account—general	5,461	6,831	12,911	13,802	16,450
—special	.....	75,000	98,000	25,000	38,000

STATEMENT OF EXPENDITURES BY DEPARTMENTS AND MAJOR CATEGORIES FOR THE LAST FIVE FISCAL YEARS—*Continued*

(thousands of dollars)

——	1949-50	1950-51	1951-52	1952-53	Estimated 1953-54
	$	$	$	$	$
Finance—*Concluded*					
Grants to universities	.....	.....	6,993	5,115	5,244
Implementation of guarantees (Ming Sung Industrial Co. Ltd.)	.....	.....	1,346	1,695	1,563
Premium discount, and exchange	19,740	.....	.....	.....	.....
Wartime Prices and Trade Board Administration	2,567	1,599	155	.....	.....
Commodity prices stabilization corporation limited	.....	.....	50	.....	307
Advances for payment of drawback claims to millers and other manufacturers of wheat products	400	.....	.....	.....	.....
Grant *re* Red River Valley flood	.....	12,500	.....	.....	.....
Provision for reserve for possible losses on ultimate realization of active assets	75,000	75,000	75,000	75,000	50,000
Assumption of part of Newfoundland debt under terms of union	62,293	.....	.....	.....	.....
Write-down from active to non-active assets—					
Trading losses in securities investment account	8,299	.....	.....	40	.....
Soybean flour suspense account	126	.....	.....	.....	.....
	745,240	*752,572*	*873,613*	*946,968*	*969,285*
Fisheries	7,586	8,964	8,733	10,777	9,425
Governor General and Lieutenant Governors	274	244	275	397	399
Insurance	311	369	403	449	498
Justice	4,268	4,609	5,103	5,606	5,936
Office of the Commissioner of Penitentiaries	6,691	7,798	8,936	9,303	9,256
	10,959	*12,407*	*14,039*	*14,909*	*15,192*
Labour	9,770	9,030	9,503	10,088	9,539
Government annuities—amount required to maintain reserve	1,256	660	940	744	1,000
Unemployment Insurance Act 1940—					
Administration and general	24,033	26,805	23,919	25,051	26,273
Government contribution	21,084	26,133	29,940	31,139	31,894
	56,143	*62,628*	*64,802*	*67,022*	*68,706*
Legislation—					
House of Commons	3,765	3,332	4,302	4,528	4,094
Library of Parliament	127	137	153	231	295
Senate	1,178	976	1,227	1,103	999
General	159	266	263	295	270
	5,229	*4,711*	*5,945*	*6,157*	*5,658*
Mines and Technical Surveys	9,839	10,442	10,779	12,027	12,980
Dominion Coal Board	4,357	3,561	5,132	6,484	10,018
Emergency gold mining assistance	13,716	7,114	11,841	11,147	14,500
Write-down from active to non-active assets—					
Abasand Oils Limited	1,802	.....	.....	.....	.....
	29,714	*21,117*	*27,752*	*29,658*	*37,498*
National Defence—					
General	383	901	277	295	316
Defence forces, army, navy and air services	348,050	545,738	1,217,579	1,557,660	1,434,009
Mutual aid to NATO countries	.....	195,417	126,416	235,053	309,232
Defence research and development	22,389	23,415	35,394	42,989	43,763
Pensions—					
Payments under defence services pension act	5,011	5,011	5,096	5,110	5,101
Government contribution to permanent services pension account	9,046	11,975	30,712	30,009	35,252
Contribution towards military costs of NATO	.....	.....	.....	11,302	12,000
	384,879	*782,457*	*1,415,474*	*1,882,418*	*1,839,673*
National Film Board	2,123	2,308	2,662	2,920	2,998
National Health and Welfare	16,901	17,344	21,098	22,935	27,918
General health grants	15,716	18,875	24,322	27,333	28,964
Family allowances	297,514	309,465	320,458	334,198	350,142

The Budget—Appendix

STATEMENT OF EXPENDITURES BY DEPARTMENTS AND MAJOR CATEGORIES FOR THE LAST FIVE FISCAL YEARS—*Concluded*

(thousands of dollars)

—	1949-50	1950-51	1951-52	1952-53	Estimated 1953-54
	$	$	$	$	$
National Health and Welfare—*Concluded*					
Old age pensions including pensions to blind persons	93,189	103,169	80,206	.....	.....
Old age assistance and blind persons allowances	.....	.....	2,999	22,099	23,555
Deficit—Old age security fund	.....	.....	49,669	.....	.....
	423,320	*448,853*	*498,752*	*406,565*	*430,579*
National Research Council and Atomic Energy Control Board	16,170	18,014	25,080	28,343	28,245
National Revenue including taxation division	47,832	46,056	45,763	47,313	50,092
Northern Affairs and National Resources	22,605	20,764	17,423	19,500	19,488
Post Office	82,640	91,781	97,973	105,553	114,078
Privy Council including Prime Minister's Office	4,248	4,362	4,097	3,767	3,754
Public Archives	198	206	251	307	357
Public Printing and Stationery	866	706	1,103	1,607	2,035
Public Works	67,599	74,458	79,060	83,906	100,362
Trans-Canada highway contributions	.....	7,205	12,792	13,953	14,178
	67,599	*81,663*	*91,852*	*97,859*	*114,540*
Royal Canadian Mounted Police	15,971	19,801	27,341	31,141	33,992
Secretary of State	1,600	2,065	2,399	2,201	3,292
Trade and Commerce	25,761	23,443	21,817	16,503	16,688
Deficits incurred by the Canadian Wheat Board covering operations for government account	4,471	2,536	.....	.....	.....
Deficit—Trans-Canada Air Lines	4,318	1,325	.....	.....	.....
	34,550	*27,304*	*21,817*	*16,503*	*16,688*
Transport—					
Administration and general	3,808	2,528	3,179	7,495	10,490
Canals service	6,198	8,290	7,991	9,889	9,434
Marine service	17,537	17,187	17,465	21,679	20,812
Railway service	4,488	1,981	2,306	6,414	13,458
Maritime freight rates act	6,982	8,475	10,030	10,130	10,538
Air services	34,115	33,553	36,298	39,011	42,382
Canadian Maritime Commission	2,277	5,899	4,461	3,984	4,327
Deficits—					
Canadian National Railways	42,043	3,261	15,032	.....	.....
Canadian National (West Indies) Steamships Limited	461	1,029	467	4	650
Prince Edward Island car ferry and terminals	1,221	1,267	1,365	1,520	1,603
North Sydney—Port aux Basques ferry and terminals	.....	.....	.....	1,846	2,236
National Harbours Board	83	188	55	57	.....
Non-active assets—					
National Harbours Board	4,236	1,465	1,252	1,877	4,257
	123,449	*85,123*	*99,901*	*103,906*	*120,187*
Veterans Affairs—					
Administration and general	3,850	2,385	2,513	3,627	2,274
Pensions	96,091	95,577	103,703	127,053	127,654
Treatment and after-care of returned soldiers and allowances to dependents	69,507	71,646	76,097	78,541	80,175
Hospital accommodation, additions, alterations and improvements	3,811	3,008	3,758	3,990	4,213
Post discharge rehabilitation benefits	25,099	13,502	6,594	3,790	2,518
War service gratuities and re-establishment credits	22,641	16,868	9,826	10,737	9,106
Soldier settlement and veterans land acts	7,383	6,282	5,922	5,629	5,342
Provision for reserve for conditional benefits under veterans land act	6,496	7,110	7,609	8,042	8,570
Write-down of assets—					
Soldier settlement and veterans land acts loans	11,500	14	13	16	7
	246,378	*216,392*	*216,026*	*241,425*	*239,859*
TOTAL EXPENDITURE	2,448,615	2,901,242	3,732,875	4,337,276	4,389,979

ANNUAL CHANGES IN ACTIVE LOANS AND INVESTMENTS FOR THE LAST FIVE FISCAL YEARS

(In thousands of dollars)

	Fiscal Year Ended March 31				
	1950	1951	1952	1953	Estimated 1954
	$	$	$	$	$
Working Capital Advances to Crown Corporations					
Canadian Arsenals, Ltd.	.....	2,500	.....	.....	.....
Canadian Commercial Corporation	.....	.....	6,500	.....	.....
Canadian Patents and Development, Ltd.	296	.....	Cr. 296	.....	.....
Commodity Prices Stabilization Corporation	Cr. 3,000	Cr. 1,500	Cr. 50	.....	Cr. 307
Crown Assets Disposal Corporation	Cr. 1,183	.....	Cr. 45	.....	.....
	Cr. 3,887	1,000	6,109	.....	Cr. 307
Loans to, and Investments in, Crown Agencies					
Central Mortgage and Housing Corporation—					
Loans	91,460	79,389	73,624	72,561	92,465
Canadian Broadcasting Corporation	4,500	650	850	2,000	4,750
Canadian Farm Loan Board	1,950	1,900	1,300	1,600	3,700
National Harbours Board	20,382	1,004	227	Cr. 127	Cr. 763
Canadian National Railways	Cr. 20,963	19,888	139,998	141,822	Cr. 18,092
Other Crown Agencies	Cr. 1,295	Cr. 540	Cr. 542	14,614	951
	96,034	102,291	215,457	232,470	83,011
Other Loans and Investments					
Provincial and Municipal Governments	Cr. 4,031	Cr. 3,180	Cr. 4,129	Cr. 3,782	Cr. 3,774
United Kingdom and Other Governments—					
United Kingdom—Loan under the War Appropriation (U.K. Financing) Act, 1942	Cr. 9,936	Cr. 40,567	Cr. 31,092	Cr. 24,282	Cr. 53,616
United Kingdom Financial Agreement Act, 1946—Loan	120,000	20,000	Cr. 14,010	Cr. 14,290	Cr. 14,576
Export Credits Insurance Act	Cr. 10,964	Cr. 22,935	Cr. 20,657	Cr. 20,599	Cr. 19,438
Other	5,541	144	5,461	Cr. 1,602	Cr. 5,002
Canada's subscription to capital of—					
International Monetary Fund	22,500	.....	.....	.....	.....
International Bank for Reconstruction and Development	5,658	.....	170	.....	.....
Miscellaneous—					
Loans to veterans under the Soldier Settlement and Veterans' Land Acts.	796	7,515	1,521	Cr. 1,259	Cr. 793
Balances receivable under agreements of sale of Crown Assets	Cr. 2,889	Cr. 1,043	Cr. 936	900	8,304
Other miscellaneous loans	Cr. 812	Cr. 54	2,957	Cr. 256	300
	125,863	Cr. 40,120	Cr. 60,715	Cr. 65,170	Cr. 88,595
Sinking Fund and Other Investments held for retirement of unmatured funded debt	.....	5,499	3,201	1,722	73,085
Net Total of Changes in Loans and Investments	218,010	68,670	164,052	169,022	67,194

UNMATURED FUNDED DEBT AND TREASURY BILLS AS AT MARCH 31, 1954 AND THE ANNUAL INTEREST PAYABLE THEREON

Date of Maturity	Rate per cent	Where Payable	Amount of Loan	Annual Interest Charge
			$ cts.	$ cts.
1954, May 1	2¼	Canada	200,000,000 00	4,500,000 00
September 1	2	Canada	550,000,000 00	11,000,000 00
July 1	2	Canada	100,000,000 00	2,000,000 00
December 15	2	Canada	395,000,000 00	7,900,000 00
December 15	2	Canada	150,000,000 00	3,000,000 00
1955, July 1	2¼	Canada	200,000,000 00	4,500,000 00
July 1	2½	Canada	400,000,000 00	9,000,000 00
1956, July 1	2¼	Canada	400,000,000 00	9,000,000 00
November 1	3	Canada	(1)855,607,410 50	25,414,081 50
November 1	2¾	Canada	*98,000,000 00	2,695,000 00
1957, May 1	3	Canada	1,111,261,650 00	33,337,849 50
November 1	2¾	Canada	*52,000,000 00	1,430,000 00
1958, May 1	3	Canada	300,009,000 00	9,000,000 00
June 1	3	Canada	88,200,000 00	2,646,000 00
November 1	2¾	Canada	*48,000,000 00	1,320,000 00
1959, January 1	3	Canada	1,197,324,750 00	35,919,742 50
November 1	2¾	Canada	*70,000,000 00	1,925,000 00
1960, June 1	3	Canada	1,165,300,350 00	34,959,010 50
November 1	2¾	Canada	*65,000,000 00	1,787,500 00
1961, January 15	3½	New York	(2)46,560,000 00	1,513,200 00
1962, February 1	3	Canada	1,315,639,200 00	39,469,176 00
August 1	3½	Canada	*164,000,000 00	5,740,000 00
1963, July 1	3½	London	(3) 1,921,837 74	62,459 73
July 1	3	London	(3) 48,466,155 14	1,452,244 65
August 1	3	New York	(2)145,500,000 00	4,365,000 00
August 1	3¾	Canada	*199,000,000 00	7,462,500 00
October 1	3	Canada	1,295,819,350 00	38,874,580 50
1965, November 1	3¾	Canada	*860,000,000 00	32,250,000 00
1966, June 1	3½	Canada	54,703,000 00	1,777,847 50
September 1	3	Canada	1,691,796,700 00	50,753,901 00
1968, June 15	2¾	Canada	350,000,000 00	9,625,000 00
1974, September 1	2¾	New York	(2) 97,000,000 00	2,667,500 00
1975, September 15	2¾	New York	(2) 48,500,000 00	1,333,750 00
1978, January 15	3¾	Canada	100,000,000 00	3,750,000 00
Perpetuals	3	Canada	55,000,000 00	1,650,000 00
Various, three months treasury bills	(4) 1·709	Canada	455,000,000 00	7,775,950 00
Various, nine months treasury bills	(4) 2·289	Canada	195,000,000 00	4,463,550 00
			14,569,542,403 38	416,320,843 38
Payable in Canada			14,181,652,410 50	404,926,689 00
Payable in London			50,329,992 88	1,514,704 38
Payable in New York			337,560,000 00	9,879,450 00
			14,569,542,403 38	416,320,843 38

* Estimated.

(1) Redeemable at 101 per cent. Amount outstanding includes $8,471,360.50 redemption bonus.

(2) Conversion rate estimated at $0·97 U.S. to the dollar Canadian.

(3) Conversion rate estimated at $2·72 to the pound sterling.

(4) Estimated average effective rate of discount.

HOUSE OF COMMONS

Wednesday, April 7, 1954

The house met at 2.30 p.m.

PRIVILEGE

MR. DREW—USE OF RECORDING EQUIPMENT

Hon. George A. Drew (Leader of the Opposition): Mr. Speaker, I rise on a question of privilege. I was very interested to learn that at the meeting of the committee on external affairs held yesterday at 10.30 in the morning microphones were installed and it was explained that a tape recording machine was taking a record of the proceedings. I place this before you, Mr. Speaker, because there has been very strong objection to the introduction of the recording devices here in this house, except in those cases whereby, with consent, the speeches of persons such as President Eisenhower or Mr. Churchill or others who recently visited us were broadcast. But the procedure in this house has not been broadcast.

I would point out that the chairman of the committee explained that this was an experiment and I find these words in the record, and I quote:

> This is in practice in some of the legislatures in the United States and it has been thought that it should be tried at one time or other and that we might try it at this committee.

There was an extended discussion afterwards in regard to this and the question was raised as to whether the tape recording would be used for the purpose of broadcasting, and the chairman explained that this would not be done without the consent of the committee.

It seems to me, Mr. Speaker, that it is not within the authority of any committee to depart from the established practices in regard to methods of procedure, even though the committees have full right to decide their own procedure within well established rules. I think the very suggestion that something is being tried here that is being tried in the United States suggests to us that we should very carefully consider what the outcome of this could be. If the committee has the right to start taking tape recordings by microphones which could then in turn be broadcast, either in whole or in part, then the next step could easily be television. The committee would have just as much right to introduce television as it has to introduce tape recordings.

I suggest, Mr. Speaker, there is another reason why this should be considered by Your Honour and the appropriate steps taken to decide whether any committee may do this at any time. I would point out that in the case of a tape recording there is quite a considerable difference between that and a fixed imprint. A tape recording may be erased in whole or in part and a sentence may even be broken. In fact, there was a well known case in another country where speeches were put out over the air and attributed to certain speakers although sentences were broken and parts then brought together. That could easily be done with tape recordings.

If it should be the decision of this house at any time that there is to be a recording, then it should be a fixed recording and under no circumstances whatever should hon. members of this house agree to accept the introduction of tape recordings. What strikes me as something that is of very definite concern to this house is the fact that this is still to be considered. There was an impression left by the remarks made at the committee meeting that this is an experiment which may be extended by this committee.

I believe, Mr. Speaker, that if it is right that we should not have records and broadcastings of the speeches in this house, it is right that a similar practice should be observed in committees. I think it is also certain that if there is to be any recording it should be a fixed recording on a disc and not a recording on a tape recorder which may at any time be subject to editing and subsequent change.

I believe hon. members of this house also have a right to know under whose authority this was installed and whether this equipment belongs to the C.B.C. or any other government agency.

Mr. L. Philippe Picard (Bellechasse): Mr. Speaker, as chairman of that committee, perhaps I may be permitted to give a word of explanation. About a year or so ago this method of recording proceedings was suggested when I was chairman of the public accounts committee, and the other day we

tried this as a sort of exploratory experiment in order to determine whether such a system would be of assistance to the reporters and to enable them, if possible, to have a more accurate record of what is being said. The recording made the other day is now being transcribed and will be compared with the transcript made by the reporters, and a report will be made to Mr. Speaker and to the committee on house procedure in due course. There is nothing definite about this and I secured the permission of the Speaker to instal the machine. According to what I see reported in the *Journal*, it is quite true that people looked askance at this machine and treated it as if it were a box of snakes rather than just a reporting machine. The present record will be destroyed once it has been transcribed and the transcript submitted to the committee on house procedure.

I would emphasize that this experiment was undertaken to see if it could be of assistance. Reporting committees is quite a difficult task for new reporters, and there are two or three new ones on the present staff, and we hoped it would be of assistance in making a more accurate verbatim report of what was being said.

Mr. Speaker: Perhaps, in order to complete the information pertaining to this particular matter, I might just add another word of explanation. It was on the initiative taken by the committee on external affairs, I understand, to try out this experiment.

An hon. Member: Of the chairman?

Mr. Picard: By myself.

Mr. Speaker: Perhaps by the chairman. At any rate, it was the chairman who contacted me. I consulted with the Clerk and he, in turn, informed the committee reporters' branch that no matter what was decided upon by the committee itself with regard to trying this experiment they would, as in any normal meeting of the committee, perform their duties. Even if any recording was taken, the reporters were there and took in shorthand, as usual, the minutes of the meeting; they reported the meeting in the usual fashion. In other words, the practice of the house was not departed from. The procedure was just as regular, as far as the rules of this house are concerned, as that at any meeting of any committee.

When the chairman of the committee suggested this experiment to me, I said that if it was the wish of the members of the committee to try out that machine on an experimental basis, in addition to the regular practice being followed with the minutes being taken by the reporters, I did not think I should put any obstacles in their way. But the Leader of the Opposition (Mr. Drew) is quite right that if, following this experiment, there were to be any change in or any departure from the regular procedure, no committee could make such change unless they had permission from the house to do so. But my understanding is that this was a subject that had been debated previously in that committee of which, of course, I am not a member.

An hon. Member: No.

Mr. Speaker: Or perhaps it had been suggested by the chairman on a previous occasion. Let us put it that way, if the hon. member agrees with me on that point. I do not want to present the situation in a different way from that in which it was presented to me. But at the time, when the chairman asked me whether it would be possible to bring in equipment for the purpose of making this experiment, I left the matter entirely to him and the members of his committee to decide whether they should try it out or not. But as far as the reporters were concerned, I insisted that they should carry out their duties. It is their reports that we consider as being the reports of the committee and not whatever has been taken on the tape recorder which was tried out on that occasion.

Mr. Drew: In view of the fact that this experiment took place, and that its purported purpose was to see whether it might offer any suggestions, I think the members of the house should know who handled the technical arrangements and whose machine was used on this occasion. Was it a C.B.C. machine or was it a machine belonging to the television branch of the services? I think we are entitled to know that.

Mr. Picard: If I may be permitted to say so, Mr. Speaker, the machines come from the Ottawa Typewriter Company. They are called Tape-riters. A representative of the Ottawa Typewriter Company was there to operate them. It was entirely at my suggestion and it was made because oftentimes on previous committees we discovered afterwards that many members had to change or to add to the evidence they had given or felt that there were words that had been misunderstood. It was just with the idea of helping to get a better recording of what is going on in the committee that this suggestion was made. Before the committee sat, when questions were asked what it was, I suggested that if anybody objected to the machine it would be disconnected right away. Nobody suggested that. Once the records are transcribed, they will be destroyed.

Mr. Drew: Under the circumstances, Mr. Speaker, I think instructions should be given that the tape recording be delivered to the Clerk of the House.

Mr. Pouliot: Inasmuch as it is not a political machine, I do not think the Leader of the Opposition should have any objection to it.

Mr. Speaker: I do not suppose there would be any objection to that procedure. When permission was asked of me to bring in the machine, I thought I was quite safe in leaving it to the members of that committee to decide whether or not they would carry out the experiment. What I was interested in was that no departure would be made from our regular procedure. As I say, the reporters took the proceedings just as if no machine had been there at all. Usually incidents which occur before a committee are dealt with by that committee. I am glad that the Leader of the Opposition brought this matter before the house. I did not know exactly on what occasion the experiment had taken place. I do not suppose that the chairman of the committee or anyone who has the tape recording in his possession has any objection to having it delivered to the Clerk of the House so that we can see that it is properly destroyed.

Mr. Picard: May I be permitted to add, Mr. Speaker, that the recordings are now in the hands of the clerk of the committee and are being transcribed by government employees, namely stenographers from the committee branch. They are in the hands of government officials and not in my hands. They will be transferred to the Clerk of the House as soon as they have been transcribed.

Mr. Speaker: In other words, they are now in the hands of officers of the house?

Mr. Picard: Yes.

RAILWAYS AND SHIPPING

Third report of sessional committee on railways and shipping owned, operated and controlled by the government.—Mr. Cavers.

QUESTIONS

SALES OF OCEAN-GOING SHIPS

Mr. Green:

1. Were any proposals made to the government between January 1, 1949 and January 31, 1954, for the sale of ocean-going ships, subject to the covenant restricting such ships to Canadian registry, which were either not acceptable to the government or which were not proceeded with due to any restriction which the government placed on the use of the proceeds of disposition?

2. If so, what was the name of each vessel proposed for sale, its proposed sale price and details of restriction imposed by the government on each proposed sale, showing in each case the reason the proposed sale was not proceeded with?

3. In the event that Canadian owners of vessels subject to the sale covenant and presently on United Kingdom registry undertake to use the proceeds of sale of such vessels for the acquisition of new or more modern tonnage, would such new or more modern vessels be required to be placed under Canadian registry?

Mr. Langlois (Gaspe):

1. The answer to the first part of the question is that relief from the flag covenant was refused on a number of occasions because the terms upon which such relief was sought did not fall within the replacement agreement upon which such relief was conditional. With respect to the second part of the question the reasons for not proceeding with proposals would, of course, be known only to the ship owner or ship owners concerned.

2. With respect to the first part of the question, the publication of the proposed sale price of the vessels and of the owner's proposals would involve disclosure of the private affairs of the companies concerned. With respect to the second part of the question, the actual reason for not proceeding with the sale can, again, be known only to the ship owner or ship owners concerned.

3. Yes.

OLD AGE PAYMENTS—SASKATCHEWAN

Mr. Tucker:

1. How many citizens in Saskatchewan, 70 years of age and over, receive old age security payments?

2. How many citizens in Saskatchewan, 65 to 69, receive the old age pension?

3. How many citizens in Saskatchewan, 70 and over, receive a supplementary allowance from the provincial government?

4. How many citizens in Saskatchewan, 65 to 69, receive a supplementary allowance from the provincial government?

5. What is the total amount of the supplementary allowance paid by the provincial government of Saskatchewan?

6. What is the total amount of the supplementary allowance paid by the provincial government of Saskatchewan in the 65 to 69 age group?

Mr. Martin:

1. In February, 1954, there were 42,243 recipients of old age security pension in the province of Saskatchewan.

2. In February, 1954, 4,597 persons, 65 to 69, received old age assistance in the province of Saskatchewan.

3. In February, 1954, a supplementary allowance was paid by the provincial government of the province of Saskatchewan to 16,798 pensioners.

Questions

4. None. Allowance is paid only to those 70 and over.

5. In February, 1954, the amount of supplementary allowance paid by the provincial government was $41,995.

6. Nil—(see answer to No. 4 above).

CANADIAN MERCHANT FLEET

Mr. Green:

What was the composition of the Canadian merchant fleet as at March 31, 1948, and as at November 30, 1953, set out in the same manner as in table 1 of the sixth report of the Canadian maritime commission?

Mr. Langlois (Gaspe):

CANADIAN MERCHANT FLEET

(Ships of 1,000 gross tons and over)

	March 31, 1948		November 30, 1953	
	No.	Gross tons	No.	Gross tons
OCEAN-GOING SHIPS IN FOREIGN TRADE				
Warbuilt cargo ships				
10,000 tonners	110	787,706	29	207,769
4,700 tonners	19	55,202	10	29,167
Passenger ships	3	24,871	1	9,034
Diesel cargo ships	3	20,236	3	20,236
Other cargo ships	2	6,533	4	19,094
	137	894,548	47	285,300
Tankers	10	88,744	15	144,997
	147	983,292	62	430,297
SHIPS IN COASTING TRADE				
Warbuilt cargo ships				
10,000 tonners	3	21,550	3	21,550
4,700 tonners	3	8,632	1	2,875
Other passenger and dry cargo ships	40	114,953	48	132,210
	46	145,135	52	156,635
Tankers	6	12,908	11	24,685
	52	158,043	63	181,320
LAKES AND ST. LAWRENCE CANALLERS				
Dry cargo ships	135	254,844	144	280,918
Tankers	32	62,075	32	62,152
	167	316,919	176	343,070
UPPER LAKERS				
Dry cargo ships	60	298,748	70	427,201
Tankers	...	.....	2	25,233
	60	298,748	72	452,434
SUMMARY				
Dry cargo and passenger ships	378	1,593,275	313	1,150,054
Tankers	48	163,727	60	257,067
	426	1,757,002	373	1,407,121
Ships on United Kingdom registry retained on U. K. registry	...	.....	55	392,406
Transferred to U. K. registry	...	.....	34	243,908
On loan to United Kingdom	87	622,077	5	36,403
	87	622,077	94	672,717

[Mr. Martin.]

MARITIME COMMISSION ESCROW FUND

Mr. Green:

1. What is the total amount of money which has been deposited in the escrow fund under the replacement plan administered by the Canadian maritime commission?

2. How much money has been withdrawn from this escrow fund?

3. Does the government retain any control over the vessels in respect of which funds withdrawn from the escrow fund are used?

4. If so, in what form is this control exercised?

5. If any of such vessels are subsequently sold and/or transferred off Canadian register, is the amount originally withdrawn from the escrow fund returned to the fund?

6. (a) How much money withdrawn from the escrow fund has been used for the cost of construction and/or acquisition of ocean-going ships? (b) What are the names of these ocean-going ships, when and where were they built, and what was the cost of each vessel thus built or acquired? (c) How many were dry cargo vessels, what were their names, their normal commercial operating speeds and their gross registered tonnage?

7. (a) How much money withdrawn from the escrow fund has been used for the cost of modernization and/or improvement of existing units of the ocean-going fleet? (b) What are the names of the vessels thus modernized and/or improved, how much was spent on each, when and where were they built, and what was the nature of the modernization and/or improvement for which use of escrow funds was authorized in each case?

8. (a) How much money withdrawn from the fund has been used for the cost of construction and/or modernization of vessels for use in the domestic trades such as canals and great lakes? (b) What are the names of such vessels for which money withdrawn from the escrow fund was used, giving the type of trade or service for which each vessel was primarily designed?

9. What penalties, if any, are imposed on depositors of escrow funds, if such deposits are not used within the scope of government policy?

10. What changes or revisions, if any, have been made in the policy of the government permitting the withdrawal or use of escrow funds from the inception of the replacement plan to date?

11. If any changes were made, what were the considerations which governed such changes or revisions, and at what dates were such changes made?

Mr. Langlois (Gaspe):

1. As at February 28, 1954—$50,250,483.94 net.

2. $42,089,860.58.

3. Yes.

4. A flag covenant on the ship in respect of which escrow funds have been spent.

5. The sale price of vessels which have become flag restricted by the use of escrow funds may be required to be placed in escrow and to be subject to the terms of the replacement plan.

6. (a) $13,398,757.04; (b) Disclosure of all the details of this inquiry would involve the publication of the private affairs of the companies concerned; it can be stated however that five dry cargo ships built in Canada between 1943 and 1945 and two tankers built in Canada in 1953 and 1954 were thus built or acquired; (c) See in part answer to No. 6(b); the answer to this inquiry again involves the publication of the private affairs of the companies concerned.

7. (a) $243,587.57; (b) Fifteen vessels were thus modernized and improved; they were all built in Canada in 1943, 1944 and 1945.

The names of the ships and the amount spent on each involve the publication of the private affairs of the companies concerned.

The nature of the modernization or improvement was: one case of conversion from coal to oil, one case of improving hatches and holds, twelve cases of stiffening to increase the deadweight capacity, six cases of installation of improved winches, three cases of installation of improved propellers to reduce oil consumption and increase speed.

8. (a) $27,923,452.78; (b) The publication of the names of such vessels involves the publication of the private affairs of the companies concerned; there were 29 such vessels including a self-unloading collier, four canallers, two tugs, a dipper dredge, a tow barge, a lake collier, eleven bulk carriers, seven tankers, a coastal and canaller carrier.

9. Should the ship owner fail to carry out his obligations under the replacement agreement he binds himself in the agreement to forfeit to the crown the excess of the sale price paid to the ship owner over that paid to the crown at the original sale by the crown, with a minimum established of 5 per cent of the sale price paid to the ship owner or $25,000 whichever is the greater.

10. On November 12, 1953, it was announced that the use of funds was modified by removing the provision that vessels acquired with them must be built in Canadian yards and by adding a limitation that such escrow funds would be used in the future only for the acquisition of dry cargo vessels.

11. These changes were made to meet the changing circumstances of the shipping and shipbuilding industries.

C.B.C. FINANCIAL STATEMENT

Mr. Thatcher:

1. Has the government taken any action on the recommendations of the auditor general as pertaining to the annual financial statement of the Canadian Broadcasting Corporation for the years ending March 31, 1952 and March 31, 1953?

2. If so, what is the nature of such action?

Mr. McCann:

1. Only one recommendation was made by the auditor general which referred to rates of depreciation and obsolescence. The corporation advises that its practice in the matter of rates of depreciation and obsolescence has

satisfied its requirements, but the problem is being carefully studied to determine if there would be an advantage in any change or modification in the practice.

2. See answer to No. 1.

SALES OF WHEAT, 1951-52

Mr. Diefenbaker:

1. What was the total number of bushels of wheat sold in the crop year 1951-52 by the wheat board and by all elevator companies and licensed grain dealers, including sales from warehouses and terminal elevators?

2. Of such amount, what was the total number of bushels in each respective grade, from No. 1 hard to feed wheat, and how many bushels in each of said grades were sold or disposed of as (a) tough; (b) damp?

Mr. Howe (Port Arthur):

	Bushels
1. Total sales of wheat by the Canadian wheat board on the 1951-52 pool account	547,198,236.00
Weight losses in transit and in drying and reconditioning	3,975,096.55
	551,173,332.55

2. Included in total sales by the board were sales of the following grades:

No. 1 Manitoba hard	43,904.40
No. 1 Manitoba northern	9,096,903.41
No. 2 Manitoba northern	30,810,166.21
No. 3 Manitoba northern	113,843,474.32
No. 4 Manitoba northern	110,881,039.17
No. 5 wheat	100,553,813.25
No. 6 wheat	54,915,812.40
Feed wheat	10,458,959.10
	430,604,073.46
Tough No. 1 Manitoba hard ..	——
Tough No. 1 Manitoba northern	252,474.30
Tough No. 2 Manitoba northern	4,893,849.45
Tough No. 3 Manitoba northern	55,536,298.40
Tough No. 4 Manitoba northern	23,730,963.00
Tough No. 5 wheat	7,391,446.05
Tough No. 6 wheat	1,255,234.20
Tough feed wheat	306,233.25
	93,366,499.45
Damp No. 1 Manitoba hard ..	——
Damp No. 1 Manitoba northern	429.00
Damp No. 2 Manitoba northern	64,333.00
Damp No. 3 Manitoba northern	427,945.35
Damp No. 4 Manitoba northern	195,047.40
Damp No. 5 wheat	247,726.20
Damp No. 6 wheat	100,418.15
Damp feed wheat	12,355.00
	1,048,254.45
	525,018,828.16

WHEAT PURCHASED BY LOCAL ELEVATORS, 1951-52

Mr. Diefenbaker:

1. What was the total amount of bushels of wheat, less dockage, which was purchased at local elevator points in the crop year 1951-52?

2. Of such amount, what was the number of bushels in each respective grade from No. 1 hard to feed wheat, and how many bushels in each of said respective grades were at the time of purchase at said elevator points (a) tough; (b) damp?

Mr. Howe (Port Arthur):

1. Purchased by agents from producers for the account of the board in the 1951-52 pool, 453,997,933·50 bushels.

2. Included in the above total were purchases of the following grades:

	Bushels
No. 1 Manitoba hard	94·00
No. 1 Manitoba northern	2,001,178·40
No. 2 Manitoba northern	29,978,795·45
No. 3 Manitoba northern	93,896,936·20
No. 4 Manitoba northern	52,917,255·15
No. 5 wheat	49,499,167·35
No. 6 wheat	24,847,831·20
Feed wheat	5,633,652·05
	258,774,911·00
Tough No. 1 Manitoba hard	.....
Tough No. 1 Manitoba northern	49,054·15
Tough No. 2 Manitoba northern	5,072,928·15
Tough No. 3 Manitoba northern	51,413,109·55
Tough No. 4 Manitoba northern	38,150,808·15
Tough No. 5 wheat	14,713,707·55
Tough No. 6 wheat	2,737,302·30
Tough feed wheat	466,446·00
	112,603,357·05
Damp No. 1 Manitoba hard	.....
Damp No. 1 Manitoba northern	5,653·30
Damp No. 2 Manitoba northern	324,921·55
Damp No. 3 Manitoba northern	14,089,274·20
Damp No. 4 Manitoba northern	28,261,419·45
Damp No. 5 wheat	13,216,483·35
Damp No. 6 wheat	3,601,549·25
Damp feed wheat	653,936·40
	60,153,239·10
	431,531,507·15

HOUSING UNITS—ALBERTA

Mr. Hansell:

1. How many (a) single house units; (b) double house units; (c) apartments, were built in 1953 under the National Housing Act in each of the following places: Calgary, Edmonton and other communities in Alberta?

2. What are these other communities, and how many of each of these housing categories were built in each?

Mr. Bourget:

1. Dwelling Units approved under the National Housing Act, Alberta, by locality, 1953.

Locality	Single Units	Double Units	Apartments
Calgary	1,400	8	515
Edmonton	1,762	2	1,031
Other communities—			
Andrew	2	—	—
Athabaska	1	—	—
Banff	4	—	—
Bassano	3	—	—
Big Valley	2	—	—
Bonnyville	2	—	—
Bow Island	20	—	—
Bow Slope	1	—	—
Brooks	7	—	—
Burdett	1	—	—
Camrose	27	—	—
Cardston	2	—	—
Castor	1	—	—
Chancellor	1	—	—
Claresholm	5	—	—
Cloverbar	1	—	—
Cochrane	8	—	—
Devon	1	—	—
Eckville	1	—	—
Edson	1	—	—
Elk Point	1	—	—
Falher	1	—	—
Foremost	7	—	—
Fort Saskatchewan	77	—	—
Grande Prairie	11	—	—
Grimshaw	1	—	—
Hanna	7	—	—
High Prairie	3	—	—
High River	3	—	—
Innisfail	3	—	—
Jasper	12	—	—
Jasper Place	1	—	—
Kitscoty	1	—	—
Lacombe	3	—	—
Lamont	2	—	—
Leduc	2	—	—
Lethbridge	166	1	41
Lloydminster	17	—	—
Macleod	15	—	—
Medicine Hat	50	—	—
Milk River	1	—	—
Mountain View	1	—	—
Nanton	1	—	—
Newbrook	1	—	—
Olds	2	—	—
Peace River	3	—	—
Pincher Creek	12	—	—
Ponoka	6	—	—
Provost	1	—	—
Raymond	6	—	—
Red Deer	60	—	—
Redwater	1	—	—
Rimbey	1	—	—
Smoky Lake	1	—	—
Stavely	—	—	—
St. Paul	9	—	—
Stettler	25	—	—
Strathmore	3	—	—
Stony Plain	24	—	—
Taber	26	—	—
Three Hills	1	—	—
Tofield	1	—	—
Vauxhall	7	—	—
Vegreville	4	—	—
Vermilion	3	—	—
Viking	1	—	—
Vulcan	10	—	—
Westlock	2	—	—
Wetaskiwin	17	—	—

2. See answer to No. 1 above.

OATS AND BARLEY SALES

Mr. Argue:

1. During 1950-51 and 1951-52, how many bushels of (a) oats; (b) barley, were sold from (i) Pacific coast ports; (ii) Churchill, at a premium over the Port Arthur-Fort William price?

2. What was the amount of such premium received for (a) oats; (b) barley, from (i) Pacific coast ports; (ii) Churchill?

Mr. Howe (Port Arthur):

	1950-51	1951-52
1.		
Oats	(bushels)	
Pacific coast ports..	4,732-12	5,105-20
Churchill	nil	nil
Barley		
Pacific coast ports..	165,829-06	12,984,157-16
Churchill	nil	nil
2. Oats		
Pacific coast ports..	$ 152.80	$ 422.50
Churchill	nil	nil
Barley		
Pacific coast ports..	$14,151.58	$2,304,385.40
Churchill	nil	nil

MENTAL HOSPITALS—FEDERAL CONTRIBUTION TO COST

Mr. Poulin:

1. In connection with the 11,909 beds installed for the use of persons suffering from diseases of the mind, since the establishment of the national health program, what percentage in money does the share contributed by the federal government represent?

2. What amount has been paid to date under this heading?

Questions

Mr. Martin:

1. 23 per cent or $15,868,644.

2. $9,812,881.

The surveys made by the provinces with funds from the national health survey grant emphasized the need for additional accommodation for the treatment of the mentally ill. It has been acknowledged by the provinces that it was largely this indication of need and the availability of funds for this purpose under the hospital construction grant which stimulated the provinces to press forward with their hospital construction programs, particularly the construction of accommodation for the mentally ill.

NATIONAL HOUSING ACT—RESIDENTIAL MORTGAGES

Mr. MacEachen:

1. Have the chartered banks approved any residential mortgages to date under the National Housing Act, 1954?

2. If so, which banks, for how many units, in what amounts, and in what areas?

Mr. Bourget:

1. Yes.

2. Bank of Montreal—No. of units—12, $142,392.00, Pointe Claire, Quebec; Bank of Montreal—No. of units—1, $10,219.38, North Vancouver, B.C.

WHEAT—EXPORTS TO INDIA AND ITALY

Mr. Diefenbaker:

How much wheat did Canada sell to (a) Italy; (b) India, between March 31, 1953 and February 28, 1954?

Mr. Howe (Port Arthur): Canadian exports of wheat to Italy and India between March 31, 1953 and February 28, 1954, were as follows: Italy, 8,382,594 bushels; India, 10,597,437 bushels.

Note: It is not our policy to disclose sales during the current crop year.

MINES AND TECHNICAL SURVEYS, EXPENDITURES, NOVA SCOTIA

Mr. Balcom:

What are the total expenditures by all branches of the Department of Mines and Technical Surveys in Nova Scotia, for the fiscal year 1953-54?

Mr. Prudham: $448,236.47.

QUESTION PASSED AS ORDER FOR RETURN

ELECTRICAL EQUIPMENT—IMPORTS AND EXPORTS

Mrs. Fairclough:

1. What was the value of electrical equipment imported into Canada in (a) 1939; (b) 1949; (c) 1952; (d) 1953?

2. From what countries, and what amount from each country?

3. What was the value of electrical equipment exported from Canada in (a) 1939; (b) 1949; (c) 1952; (d) 1953?

4. To what countries, and what amount to each country?

Mr. Howe (Port Arthur): Return tabled.

EXTERNAL AFFAIRS

COMPENSATION TO CANADIAN NATIONALS BY COMMUNIST CHINA

On the orders of the day:

Right Hon. L. S. St. Laurent (Prime Minister): Mr. Speaker, on Monday, before the orders of the day were called, the Leader of the Opposition asked me the following question:

Have any steps been taken by the Canadian government to place before the government at Peking appropriate claims for redress or compensation in respect of undue hardships and loss of property suffered by missionaries and members of religious orders, as well as other Canadians since the communist government assumed power on the Chinese mainland?

I said that I would take note of the hon. gentleman's question and make inquiries. I added that I could give an immediate answer but that I would wish to be absolutely sure that my answer was accurate. The Leader of the Opposition then said:

I might add, since the Prime Minister is taking this as a notice, that I have raised the question because I understand other representations are being made with regard to the fact that the Peking government will be for the first time meeting a number of other governments during the present month.

The answer to the first question is no. The Department of External Affairs has so far received only one claim for compensation as the result of confiscation of property by the communist government in China. The solicitors for the claimant were informed that the department would be prepared to submit the claim to the Peking government through the United Kingdom chargé d'affaires in Peking. No definite claim has yet been received from the solicitors. We have of course reports concerning personal hardships suffered by Canadians who have voluntarily left or have been expelled from mainland China. We also know that a good many Canadians consider that they still have rightful title to property which they have left behind in China. It should however be noted that one of the problems involved in making representations, if we were asked to do so and considered that the claims should be sponsored by the Canadian government, would arise from the fact that we do not recognize the government at Peking.

With regard to the supplementary question raised by the hon. member, I may say that

the question of the treatment of foreigners by the communist government in China is not on the agenda of the Geneva conference—I presume that was the occasion the hon. gentleman had in mind—and it is difficult to see in what context it could be raised there since the only issues on the agenda are Korea and Indo-China. The possibility of formal or informal diplomatic conversations on other matters will in the circumstances be limited and may be non-existent. However, I can assure the hon. member that Canadian representatives will take advantage of any opportunity to convey to representatives of the Peking government the concern that the Canadian government feels about the treatment of Canadians in mainland China.

[*Later:*]

Hon. George A. Drew (Leader of the Opposition): In reference to the statement just made by the Prime Minister, Mr. Speaker, I feel I should point out that there are well recognized channels by which any request can be communicated to the government at Peking, although recognition may not have taken place. If there are matters to be placed before that government, I would urge that this be done prior to the Geneva conference so that subsequent discussion may be based upon knowledge of the attitude of the Canadian government.

INDO-CHINA—INQUIRY AS TO FIVE POWER DECLARATION

On the orders of the day:

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, may I direct a question to the Secretary of State for External Affairs? He will recognize that my question is supplementary to one I asked him yesterday in the committee on external affairs, but I ask it now in the light of further developments. What is the attitude of the Canadian government towards the action of the United States in asking for a five power declaration, outside the United Nations, on the situation in Indo-China? Is it clear that Canada has no commitment that could involve us in any action in Indo-China unless the United Nations, of which we are a member, were to take a decision in respect of the situation there?

Hon. L. B. Pearson (Secretary of State for External Affairs): I do not know myself of any declaration of the kind suggested by the hon. member, though I understand consideration is being given by the government of the United States to some united action or declaration of that kind. However the matter has not yet been brought officially to our attention, and I know of no such declaration. I can say that we have no commitment in that area of the world, except that which arises under the obligation we have already assumed as a member of the United Nations.

RED CHINA—INQUIRY AS TO RECOGNITION

On the orders of the day:

Mr. Angus MacInnis (Vancouver-Kingsway): I should like to direct a question to the Secretary of State for External Affairs. The question is based on a report in this morning's Montreal *Gazette* concerning an address made by the hon. member for Prince Albert on the program "The Nation's Business". Is it correct that criticism by the Progressive Conservatives in this house prevented early recognition of China by the government?

Mr. Fulton: Of course it is.

Hon. L. B. Pearson (Secretary of State for External Affairs): The government is always interested in the criticism that it receives from the other side of the house, but its decision on this matter will be made by itself.

ATOMIC ENERGY

INQUIRY AS TO DISCUSSIONS AT QUEBEC CONFERENCE

On the orders of the day:

Mr. M. J. Coldwell (Rosetown-Biggar): I should like to direct a question to the Secretary of State for External Affairs. Was the government of Canada or the late prime minister, Mr. Mackenzie King, a party to a secret agreement made by the United States, the United Kingdom and possibly Canada at the Quebec conference in 1943, banning the use of the atomic bomb without one another's consent? If so, was a protest made on behalf of Canada at the unilateral termination by the United States of this free exchange of information and consultation among Britain, the United States and Canada? If a protest was made, on what date was it made? If Canada was not aware of this secret agreement, why was this country excluded?

Hon. L. B. Pearson (Secretary of State for External Affairs): I am grateful to the hon. member for giving me sufficient advance notice of his question to permit the available information to be secured. With regard to question No. 1, the position of the government of Canada with respect to the 1943 agreement was stated in this house by the late prime minister on December 17, 1945, in the following words:

"At Quebec, in September, 1943, an agreement was signed between Mr. Churchill and Mr. Roosevelt which bound their two countries to collaborate with the object of producing as quickly as possible a military weapon for use in the war. Under this agreement a combined policy committee was set up. Upon the invitation of Mr. Roosevelt and Mr. Churchill, in which I concurred, Mr. Howe, the

minister of munitions and supply, was made a member of the combined policy committee as the representative of Canada."

That was Mr. King's statement at the time. With regard to questions 2 and 3, the position is as follows: The tube alloys project, as the joint atomic energy project instituted by the 1943 agreement was known, was concerned only with the development of atomic weapons, and the obligation of parties to the tube alloys agreement to exchange information did not extend beyond this. It will be recalled that although Canada was a partner in the wartime project to develop atomic weapons, nevertheless as soon as the war was over the Canadian project was directed entirely toward non-military objectives. Canada, therefore, was no longer directly concerned with the exchange of information on atomic weapons.

Moreover, the combined policy committee, which as already mentioned included a Canadian member as the result of an invitation extended at Quebec in 1943 by President Roosevelt and Mr. Churchill, was continued in existence notwithstanding changes in United States legislation concerning the exchange of information on atomic matters. The Canadian government, which was not a signatory to the 1943 agreement between Mr. Churchill and President Roosevelt, did not consider it appropriate for Canada to make any protest to the United States government regarding the effect of such legislation on the above agreement.

Nevertheless, at the time such legislation, which was known as the McMahon act, was being considered, we made our views known in Washington as to the desirability of the fullest possible exchange of information between the United States, the United Kingdom and Canada for the effective development of atomic energy for peaceful purposes. Indeed, at an earlier period, shortly after the end of hostilities, the Canadian government had already expressed to the United States and United Kingdom governments our desire that there should be full and effective co-operation in the field of atomic energy among the three governments.

Mr. Coldwell: The late prime minister's statement makes no reference to any agreement banning the use of the atomic bomb without one another's consent. That was the point in which I was particularly interested. Did we know of that agreement? If we knew what the situation was, and in view of the appointment of the minister of munitions and supply to a proposed committee on atomic development, why were we excluded from a secret agreement if we were a partner in the project?

[Mr. Pearson.]

Mr. Pearson: Mr. Mackenzie King was informed at the time in Quebec of the terms of this agreement between Mr. Churchill and Mr. Roosevelt.

Mr. Coldwell: It was a secret agreement.

Mr. Pearson: The terms of the agreement, which is not now secret, were, for obvious reasons, secret at that time. I understand that agreement has since been made public. As I understand it, there was no Canadian commitment or obligation in respect of any part of that agreement, except the paragraph under which Canada was invited to join the combined policy committee.

DOMINION-PROVINCIAL CONFERENCE

REFERENCE TO QUESTIONS ON ORDER PAPER

On the orders of the day:

Mr. E. D. Fulton (Kamloops): I should like to direct a question to the Minister of Justice concerning two questions on today's order paper and which, I would point out, have been on the order paper for four weeks. May I ask the Minister of Justice, with respect to the continuing committee, if he knows whether or not he was appointed chairman of that committee? If he does know, why does he not answer the question? If he does not know, will the Prime Minister cause inquiries to be made in the government and bring the actual state of affairs to the attention of the minister so that he can answer the question?

Hon. Stuart S. Garson (Minister of Justice): Perhaps I can answer the hon. member's question by saying that the draft of the answers came to me today, and I sent them to the stenographer to have a slight change made. I shall be tabling them at the next question period of the house.

FISHERIES

CHANGES IN SALMON FISHING REGULATIONS ON ATLANTIC COAST

On the orders of the day:

Mr. H. J. Robichaud (Gloucester): May I ask the Minister of Fisheries a question, notice of which I sent to his office this morning? Is he in a position to make a statement to the house concerning certain recent amendments to the New Brunswick fisheries regulations, effecting changes in the commercial and angling salmon fishing seasons?

Hon. James Sinclair (Minister of Fisheries): In recent years a decline in the Atlantic salmon fishery has been giving great concern to both the federal authority and the five Atlantic provinces. On the federal side we have stepped up our research program, have increased predator control and stream clearance and improved our hatcheries. There was also the problem of having uniformity in the length of the fishing seasons, both commercial fishing in the area and sport fishing on the rivers of the provinces.

On March 1, we had a conference here in Ottawa of deputy ministers from the provinces, who met with our officials and discussed and agreed upon a joint program which was taken back to the provinces. I am happy to say we have now received the consent of the five provinces concerned to the introduction of uniform salmon fishing regulations in the whole Atlantic area. Instead of having five provinces all with different seasons and different sizes of catch, we will now have uniformity over the three areas: the Atlantic coast area where the salmon come first, then the bay of Fundy, and then the gulf of St. Lawrence.

This program will involve the shortening of the open season for both commercial fishing and sport fishing. This is the type of program which has met with conspicuous success on the west coast, where we are happy to see the salmon fishery increasing each year. I am sure we shall have a similar result on the east coast. I feel I should say that we are very happy about the warm co-operation we received from the five provincial governments concerned.

SALT FISH—MEETINGS WITH NEWFOUNDLAND AND NOVA SCOTIA OPERATORS

On the orders of the day:

Right Hon. C. D. Howe (Minister of Trade and Commerce): Yesterday, the hon. member for Shelburne-Yarmouth-Clare asked me the results of a recent conference on the marketing of salt codfish in Newfoundland as it affected maritime producers. I can now give the answer.

As the house will be aware, meetings were held on April 1 and 2 here in Ottawa to discuss the new arrangements for the marketing of Newfoundland salt fish. Although final plans have not yet been completed, I am in a position to say, in reply to the question of the hon. member, that sales of Newfoundland salt bulk fish to mainland merchants will be permitted, under appropriate conditions, on approval of the Newfoundland fisheries board.

Last year mainland merchants were permitted to buy salt bulk fish in Newfoundland, outside of the control of the Newfoundland Associated Fish Exporters Limited, commonly known as NAFEL, provided that they entered into firm contracts before the end of May, 1953. The time limit has been removed, as has the need for determining the price in advance for the season's purchases. However, steps will be taken to ensure that Newfoundland fishermen will not be encouraged to produce salt bulk fish in excess of requirements. This change should be mutually beneficial.

Except for sales of salt bulk fish from Newfoundland to mainland merchants, salt fish will continue to be exported from Newfoundland exclusively through NAFEL.

UNEMPLOYMENT INSURANCE

REQUEST FOR EXTENSION OF SUPPLEMENTARY BENEFITS

On the orders of the day:

Mrs. Ellen L. Fairclough (Hamilton West): I should like to direct a question to the Minister of Labour or whoever is acting for him. Will the acting minister say whether consideration is being given by the unemployment insurance commission to the extension of the period for the payment of supplementary benefits beyond April 15?

Hon. Paul Martin (Minister of National Health and Welfare): Speaking for the Minister of Labour, may I take notice of the question and bring it to the minister's attention when he returns.

CRIMINAL CODE

REVISION AND AMENDMENT OF EXISTING STATUTE

The house resumed, from Tuesday, April 6, consideration in committee of Bill No. 7, respecting the criminal law—Mr. Garson—Mr. Robinson (Simcoe East) in the chair.

The Chairman: The committee is considering group 5 and I shall call clause 32.

On clause 32—*Use of force to suppress riot.*

Mr. Gillis: I do not want to start making a noise while these other meetings are taking place, Mr. Chairman.

The Chairman: Order.

Mr. Gillis: This clause 32 does not stand by itself. The subject matter dealt with is covered in section 33 and sections 64 to 69, so there is plenty of provision in the Criminal Code covering it. The two sections I have just mentioned have to do with unlawful assembly, riots and so forth. What I am going to say will have a bearing on all the sections I have indicated, because they deal fully with the subject matter. Let me point

out that they are not new in the code; they are sections that have been in the code for a long time. For example, clauses 32 and 33 replace the old sections 48, 49, 50 and 51 as well as section 93. Then, clauses 64 to 69 deal with the same subject matter as was covered in the old code in sections 87 to 92. What we have before us is merely a consolidation of all those older sections, and there is no change in the law.

In the briefs I have read respecting the Criminal Code, particularly those having a bearing on the rights of labour, this particular subject matter has been completely missed. I have seen no comment on any of these sections in any of the representations made. In my judgment however these are the most dangerous sections in the Criminal Code, so far as the labour movement is concerned. In those other matters dealing with contracts, strikes and the like, the legislation is fairly substantial. But after one has gone through all the legal machinery provided by the labour codes and the Criminal Code, and has been successful in detouring around those, he will get into a position where, in the event of a legal strike, but one which is not popular with the boss of the plant being picketed, he will have to come to these sections of the Criminal Code.

This is pretty tricky legislation. Let me say to the minister that I have listened to the debate in the house concerning the length of imprisonment. I would say that it is immaterial to me whether the term of imprisonment is seven years, fourteen years or two years; but to the person affected, any of those sentences amounts to a life sentence. Because once a person is convicted of a crime under the Criminal Code and enters a federal penitentiary he carries with him from that penitentiary a stigma for the rest of his natural life. An imprisonment of that kind will seek you out in your employment; you become an outcast in the community; you are debarred from holding public office. I have never seen anyone rehabilitated successfully after leaving one of those institutions.

That is one reason why we should be all the more careful when we are setting down the laws, to assure ourselves that there is nothing in those laws that may leave future scars. The law should be clear in that respect.

Let me indicate to the minister just how tricky the law can be—and I shall relate my own experience. I have seen these laws at work. For example, on one occasion I saw a strike, one which was legitimate in every way and in connection with which there had been no disturbance. However, the company decided it would turn the public mind against those who were on strike, and did this by taking off the job the men who operated the pumping station. That pumping station provided water to the community, to hospitals, and other places requiring it. However, the strikers, those who were involved in the strike, proceeded to operate that plant. Then these sections of the Criminal Code became effective.

I am not particularly concerned with the situation where the mayor of a city or town, or the reeve of a municipality, someone having public responsibility, decides that he has lost control of law and order, or that a bad situation has developed and that he must invoke these sections of the Criminal Code. But I am concerned about a case such as I have described, where the company placed itself in an illegal position by shutting off the water. Yet these sections of the Criminal Code were brought into force through getting some pinheaded chap who had been appointed as a magistrate to make a declaration that a state of riot existed.

It is that sort of thing I am trying to guard against. Because if three men are assembled —and it boils down to that—someone can suggest that, arising out of that small assembly, a riot may be precipitated. But that riot never takes place; and most certainly the use of the riot act only aggravates it. Hon. members will let their minds go back to the situation in Cornwall only a few years ago, when the seamen were out on strike. Things were running along peacefully until a Montreal detective agency organized in that city truckloads of thugs, and armed them with old car springs, and weapons of that nature. It will be recalled that we put the facts on the record right here in the House of Commons. I am sure the hon. member for Dauphin remembers it. Those thugs were sent in from Montreal with instructions to start trouble, to cause a riot, so that the blame would be placed on those who were carrying out a legitimate strike under the laws of the country.

Because of these sections in the Criminal Code that kind of thing can happen; and it has happened in the past. We have not changed the law in any way to prevent it happening again.

I am not concerned about what goes on under clauses 32 or 33, but I am concerned with what goes on under clause 68. But they are all tied together. I should think clause 68 might be amended so that if, in the judgment of an elected person, perhaps the mayor or the reeve of a municipality, law and order had got out of hand and assistance was required, such person could issue a proclamation. That would be a proper procedure, rather than

leaving it in the hands of doubtful persons, with the possibility of a situation such as developed in Cornwall, and also in my own part of the country. Because men can be picked up for $5 or $10 to precipitate the sort of condition some people want to have precipitated.

I suggest that before these clauses are passed the minister should consider amending clause 68. I have pointed out that the clauses are not new, but they have caused a lot of trouble for all of us. In my view they are the most dangerous in the Criminal Code; because if I am in a gathering of three or four, or even ten people, and I am picked up, although I may be an innocent bystander and be quite innocent, I can be charged. I can be picked up and arrested, and there is not very much defence I can offer under the section as it now stands.

It will be kept in mind that one can get anything from two years to life imprisonment under clause 68 of this bill. We should be a little more careful about it. There may have been times in the history of this country when perhaps you needed it, but that is not so today. In every province of Canada I am sure there are adequate police to take care of any situation that might arise. There are the regular police and the mounted police in most of the provinces. Then there are the provincial police, and they could take care of any situation that might arise in any part of this country today without involving the whole community in the kind of thing that is connected with the reading of the riot act.

Not so long ago the police invaded Louiseville, and their conduct while there left much to be desired. If this type of legislation had not been on the statute books that would not have happened. The mayor of any city has ample protection to handle any situation that might arise under any given circumstances. Before we dispose of these clauses finally the minister ought to think out some amendment to clause 68 that would place the elected responsible people in authority in any community. If any action of this kind were necessary, they should be the people to decide rather than have the kind of thing that has happened in every community that I have ever seen where this legislation has been invoked.

Mr. Ellis: The hon. member for Cape Breton South has just placed before the committee very good reasons why some changes should be made not only in this clause but in clause 64. I would remind the minister that other incidents have occurred in Canadian history which indicate the need for some caution in this regard. While I was attending high school I had the opportunity to witness an event in my own city, the Regina riot, on July 1, 1935. I do not want to go into the history of that incident. If I wanted to take the time I could read some quotations from speeches made by some of the supporters of my hon. friends on the other side of the house, who at that time were in opposition, and some of the things that they had to say about the way in which that affair was handled by the government of the late R. B. Bennett. I believe that incident is still fresh in the minds of Canadians. The incident in itself should draw to the attention of hon. members the necessity for making some changes in these clauses.

You will recall that at that time the police were assembled in Regina from all over western Canada. I understand that Canadian National railway policemen, Canadian Pacific railway policemen, and mounted policemen from all over western Canada, were assembled in the city of Regina, and the riot that occurred at that time was largely the result of provocation on the part of police acting under direct instructions from the government at Ottawa. I realize that a commission was held immediately afterwards and whitewashed the whole affair, at least to the satisfaction of the government of the day. But the history of that event indicates the very serious and dangerous nature of these sections of the Criminal Code.

Clause 32 (1) reads:

> Every peace officer is justified in using or in ordering the use of as much force as he believes, in good faith and on reasonable and probable grounds,
>
> (a) is necessary to suppress a riot, and
>
> (b) is not excessive, having regard to the danger to be apprehended from the continuance of the riot.

I realize that if that right is exercised in good faith we will not have too much to worry about, but I suggest there have been instances in this country where good judgment has not been exercised. I think that a good deal of power is given to law enforcement officers in this connection. I would just remind the house that the people who were involved in that riot were not the relief camp trekkers at all. The disturbance started at a public meeting which was attended by a great number of Regina citizens. Some of the single unemployed may have been present at that meeting, but most of the people at that meeting were Regina citizens who had gone out to hear the case being put forth by a number of speakers. Instead of the police exercising good judgment and, if they felt it necessary, arresting the leaders of the trek and placing them in jail to await trial—and I understand the leaders made it perfectly clear that they were available whenever the

government decided to have them arrested—the police waited until the vast public meeting had commenced and then quite unexpectedly, without warning of any kind, they descended from all directions, with tin hats and clubs, onto this large public meeting in the city of Regina. In these circumstances, human nature being what it is, provocation will undoubtedly lead to retaliation, and one thing will lead to another, until eventually there is a full-scale riot.

It is not my purpose to recount the history of that event, except to relate enough to indicate the manner in which the power given to our enforcement officers in this case was abused. I suggest that in the interests of justice and in order to prevent a recurrence of this sort the government should give reconsideration to a number of these clauses.

The hon. member for Cape Breton South has suggested a change in connection with clause 68, having to do with reading the proclamation. I believe that is one way in which the abuse of this power could be overcome. In the incident to which I have referred a Tory government at Ottawa ordered the police to assemble at that particular point, and it was on their responsibility that this riot occurred. Therefore I ask the minister to give serious consideration to making some changes to prevent a repetition at any future date of not only the incident I have related but other incidents at Louiseville, Cornwall and Estevan, which was another example in my own province prior to the time of the Regina disturbance.

Mr. Gillis: Cape Breton had half a dozen.

Mr. Ellis: There have been a great many incidents in this country. Since we are reviewing the Criminal Code at this time we should take great pains to prevent recurrences of these most unfortunate incidents.

Mr. Nesbitt: I have heard some very moving and colourful descriptions of sad events of the past from hon. members to my left; but, occasionally, circumstances arise that bring about these incidents. As the Minister of Justice has been pointing out, the purpose of this house is to pass laws; it is not the responsibility of this house as to how those laws are enforced locally. That is no concern of ours.

Without going into any detailed and long descriptions of events that have taken place in the past, I should like to draw to the attention of the minister and of my hon. friends to the left a situation that occurred last spring in western Ontario where there was a trucking strike, which was directed from the city of Detroit. During the time of that strike roadblocks were put up and all sorts of things to inconvenience the public, and everything else. It was impossible for the police to handle them all. There were not enough of them to place them at all points. There was a great deal of violence.

In situations such as this, without going into the matter in any further detail, it seems that ordinarily a clause such as clause 68 would not be used, but it would be advisable to retain that clause because circumstances might well arise, perhaps through lack of judgment on the part of some local police or law enforcement officer, where it might be essential to have it on the statute books. That could happen under any section of the Criminal Code and of course such lack of judgment on the part of peace officers would not be the responsibility of parliament. However, the machinery in the law should be there to meet such situations if they arise, seldom though it may be, and for that reason I certainly believe the present section should be retained without alteration.

The Chairman: Shall clause 32 carry?

Mr. Gillis: I wonder if the minister would care to make a comment on this?

Mr. Garson: Mr. Chairman, I was about to get to my feet, but I try not to be guilty of talking out my own clauses and there seemed to be a disposition on the part of the committee to pass this clause. In addition, what I might say on clause 32 could just as easily be said on any of the other clauses.

The points which have been raised by the three speakers who preceded me are of importance. They are all valid, the inconsistency between them being more apparent than real. We are dealing here with a question of riots, a subject matter of really great difficulty, and I do not know of any predicament I would more like to avoid than that of being a mayor of a city with a riot on my hands.

Mr. Gillis: You would not have one. They are all imported.

Mr. Garson: May I attempt to illuminate this problem to some extent by reading a report from an old British case. I am not submitting that this is the law or that it is now applicable to this country, but simply as an illustration of the dilemma in which a magistrate, peace officer or mayor may find himself in the case of a riot. This is the report of the judge's charge to the jury in the case of Rex *v.* Pinney which was a prosecution of the mayor of Bristol, England, in 1832. The judge among other things said this:

> Now a person, whether a magistrate, or a peace-officer, who has the duty of suppressing a riot, is placed in a very difficult situation, for if, by his

act, he causes death, he is liable to be indicted for murder or manslaughter, and if he does not act, he is liable to an indictment on an information for neglect; he is, therefore, bound to hit the precise line of his duty: and how difficult it is to hit that precise line, will be a matter for your consideration,—

And the judge continued:

—but that, difficult as it may be, he is bound to do. Whether a man has sought a public situation, as is often the case of mayors and magistrates, or whether as a peace-officer he has been compelled to take the office that he holds, the same rule applies; and if persons were not compelled to act according to law there would be an end of society but still you ought to be satisfied that the defendant has been clearly guilty of neglect before you return a verdict against him.

Such is the situation in which he finds himself, and that is the situation with which these clauses deal. It would be expecting an almost impossible degree of perfection of judgment to insist that every person who finds himself in that position is going to be able to hit that precise line between his responsibility for the consequences of the use of force, on one hand, or of his neglect upon the other. Under the stress of a very critical and urgent situation such as that, the judgment of human beings who are placed in that situation is not often 100 per cent perfect. This imperfection is pretty much what one would expect. So when my hon. friends say, let us cure that defect in human judgment in advance by a provision in our law, I say, "Well, all right, but what is the amendment which you would move to cure that defect in human judgment?"

As the judge said to the jury in the remarks I have quoted, there are few more difficult tasks that could face any human being than the task of hitting the precise line of duty when he has a riot on his hands. I would say this to my hon. friend from Cape Breton South that I believe he will find in all these instances in which abuses have arisen under the law we are discussing, which has been on our statute books for many decades and for a long period before that was the law of England, that where the fault usually lies, if you can call it fault, is that the judgment and the courage of the official who had a riot on his hands was not equal to the emergency he had to face.

For my part I would withhold my criticism because I would be very much afraid that if I were in the same position I might not do much better than he did when faced with this responsibility of hitting the right line between committing an offence on one hand or the other. It is a very bad position in which to be. I am therefore quite a little sceptical as to whether we can solve this difficulty here by improving upon the work of generations of former legislators who have had to deal with this problem both in Canada and in Great Britain.

I am inclined to think that, wise as we think we are in 1954, it is just possible that there were men somewhere along the line during the several generations just past who would have changed this law which we have inherited from them with regard to riots if they had thought it was possible by legislative enactment to inject better judgment into those who deal with riots.

Mr. Knowles: But you have made changes in clause 69.

Mr. Garson: Yes, that is correct, but we have made them for obvious reasons. This bill was reported upon by the special committee of the House of Commons at the last session. From time to time since we have had requests from the three large labour congresses in Canada for conferences to discuss various clauses of Bill No. 7, and while the government agrees it was appropriate for us to introduce the bill in the exact form in which it came from the House of Commons committee, it seems to me that it was natural and proper that we should hear further representations from these large and responsible congresses. We have done that and we have also received representations from what might be regarded as organizations submitting the employers' point of view. For example, we heard from the board of trade of the city of Toronto. In connection with the series of clauses which we are now considering and which deal with riots, I would like to submit one or two amendments which I hope will go some distance toward meeting the legitimate points which have been raised by the hon. member for Cape Breton South, although they will not deal with the particular point which he has mentioned in regard to clause 32.

In that connection the suggestions we have received from these labour congresses have been so valuable that I think I should put a tribute to their helpfulness on the record and say that Mr. Percy Bengough, president; and Mr. Leslie Wismer, public relations and research director of the Trades and Labour Congress of Canada; Mr. Gerard Picard, president; Mr. Theodore L'Esperance, counsel; Mr. Pierre Vadboncoeur, technical adviser, and Mr. Gerard Pelletier, public relations officer of the Canadian and Catholic Confederation of Labour; Mr. Donald MacDonald, secretary-treasurer; Dr. Eugene Forsey, research director; Mr. Maurice Wright, counsel of the Canadian Congress of Labour; and Mr. A. C. Crysler, legal secretary, the board of trade of the city of Toronto, who is quite an expert

in labour relations law, have all contributed a great deal in the way of useful suggestions which in part we have tried to embody in amendments that we will be submitting to members of this committee on these sections that we have now to consider, including the ones concerning riots that are immediately under discussion.

If in response to the suggestion by the hon. member for Cape Breton South and the hon. member for Regina City I were to say that I did not accept an amendment to this section 32 which merely continues what has been a law of long standing, that is not because I deny for a moment the difficulty which they raise but simply because I think that the difficulty cannot be met by amending legislation. Unless there are good reasons —and I hope to advance some extremely good reasons for the changes which I will propose —I think it is the policy of prudence, in connection with legislation of this character, to adhere to language in the law which has stood the test of time.

Mr. Knight: I should like to ask the minister if there is any provision in the law for the punishment of a peace officer who gives an unlawful order for the suppression of a riot. It seems queer and it brings back memories to me of, I think it is, about nineteen years ago. It so happens that I too was in Regina, like my friend the hon. member for Regina City, on the night of that particular riot. I am a bit amazed at my friend the hon. member for Oxford defending the law and the status quo.

An hon. Member: He was not there.

Mr. Knight: I am well aware of the fact that he was not there. But the supporters of his particular party were in charge of things at Ottawa at that particular time. I might say to the hon. member for Oxford that there is no single event in the province of Saskatchewan that has contributed so much to the keeping out of power of his party in Saskatchewan and to keeping it out of power in Ottawa so far as Saskatchewan voters are concerned as did the mishandling of that riot at that particular time. I think that is perfectly true. The people of Saskatchewan have never forgotten. When my friend the hon. member for Cape Breton South says that riots are mostly imported, he certainly has the best proof in that particular riot because, as everybody knows, that riot was imported from the province of British Columbia. There is no good purpose to be served by going into the history of the thing. Everybody knows how those boys were guaranteed free conduct. I see the Minister of Agriculture sitting there looking at me. He probably knows more about it than does any other man in this chamber.

Mr. Ellis: Quote some of his speeches.

Mr. Knight: Yes; I have some of them. I know this, however. It was common knowledge or at least it was common opinion that these boys were promised free conduct, as it were, to go down to put their case at the foot of the throne here in Ottawa. Instead of that, they were unloaded at Regina where plenty of mounted police and police of other kinds were available and waiting.

I have said that I happened to be there and when I say "happened" I mean just that. A few of us had gone down from Saskatoon to fulfil our usual task at the end of the year's term, namely that of correcting high school papers. We heard this noise and we went outside. I certainly witnessed the thing. There were women there with baby carriages at that meeting. It was a perfectly legitimate meeting, gathered around there to discuss this thing and all of a sudden a group of police poured in from all sides with all sorts of weapons and started to beat these people. When a member said here today it was a brutal spectacle, he was perfectly correct. I was extremely lucky that I got away from there unscathed myself.

There is another thing that I should like to point out in connection with this Criminal Code. As matters now stand, anyone who is found loitering after the riot act has been read is liable to be put in jail for life or some such term. I do not know how many years it is, but I know it is plenty. I think there should be some amendment to this particular clause.

Mr. Garson: Would my hon. friend permit a question?

Mr. Knight: I am not very good at answers. I hope it is not a legal question.

Mr. Garson: No; it is not a legal question. It is a very simple one.

Mr. Knowles: Is it an illegal one?

Mr. Garson: On the facts as I have stated them, would he not say that the fault there was not that of the law but of some human judgment that was involved?

Mr. Knight: Some human judgment? Of course all the mistakes that are made, as far as I know, are as a result of human judgment. I do not know that anybody else but humans can make mistakes.

Mr. Knowles: That is how the Liberals got into power.

Mr. Knight: That is why I am suggesting that the law should deal with this human mistake. If you have a police officer who unlawfully gives an order, I think there should be something in this code to deal with the matter. The minister has yet to answer my question whether there is anything in the law as it stands to deal with the matter.

Mr. Garson: Yes; there is; it is right in this bill.

Mr. Knight: Let us have it.

Mr. Garson: All right. If my hon. friend will get his bill and look at it he will see this:

> Every peace officer is justified in using or in ordering the use of as much force as he believes, in good faith and on reasonable and probable grounds,
> (a) is necessary to suppress a riot, and
> (b) is not excessive, having regard to the danger to be apprehended from the continuance of the riot.

If he does not do this in good faith or if there are not reasonable and probable grounds, then by the fact of his giving this order or taking this action he will be a party to every crime which is committed as a result of the action which he has taken because he can only take it upon reasonable and probable grounds and in good faith. I ask this question of my hon. friend. In what other words of the English language could that section be phrased in order to make it more clear that the peace officer can only use that force which he believes in good faith and on reasonable and probable grounds is necessary to suppress the riot? I think my hon. friend would agree that society itself goes to pieces if it has not the capacity for suppressing a riot. All that this law says is that in order that society may remain stable and that riots may be suppressed, peace officers shall have the power to use such force as they believe, in good faith and on reasonable and probable grounds, is necessary to that purpose. What could be more reasonable than that?

Mr. Knowles: Mr. Chairman, I suppose that I shall be told that if I had studied law I would know the answer to this question. But I should like to know who decides what is involved in the words "in good faith" and who decides whether the grounds on which the peace officer may have read the riot act were reasonable and justified? While I am setting out these questions for the minister, may I ask him whether he has before him the wording of the comparable British law? The reason I ask that question is this. A while ago he gave us a case which was based on British law and in which it was suggested that a person in this position is in a real dilemma. As I listened to the dilemma that the minister read from that case I wondered, as did the hon. member for Saskatoon, whether there is anything in the Canadian law that puts a peace officer in this country in the danger of going too far.

Mr. Garson: My hon. friend has it right under his eye, right at this minute. It is in section 32, all spelled out. He says: Who decides this? If there is a riot, or an unlawful assembly which is approaching riotous proportions, and a peace officer comes along and exceeds the authority given to him under section 32 and assaults some people—

Mr. Knowles: Suppose as the result of his reading the riot act somebody else bashes up somebody else, although he started it.

Mr. Garson: Let us discuss one section at a time. We are discussing section 32 now. Let us confine our discussion to it for the time being. I will be very glad to discuss the other one later but there is no purpose in mixing up the discussion by talking about more than one section at a time. If a peace officer under section 32, lacking reasonable and probable grounds and not in good faith but in bad faith, assaults another man, then he is guilty of assault. If he shoots him he is liable to prosecution for murder. My hon. friend asks who decides this. The court decides it. The jury decides it as in the case that I cited. The judge was charging the jury how they should decide it. He said that the man they were judging was faced with a very difficult task and that they had to decide whether, in relation to the facts, he exercised proper judgment.

I must confess that if I were a juror in a case like that I would not be too uncharitable because the judgment that a person exercises in a crisis of that sort is a very difficult judgment indeed to exercise. Even where he takes a step which later proves to be wrong, it would be a pretty uncharitable person who would say that on the appearance of things at the time he exercised the judgment any person would know for sure that the man was wrong. The peace officer is in the same kind of predicament because this is not outright protection here by any manner of means but protection only if he is acting upon reasonable and probable grounds and in good faith.

Mr. Knowles: The minister says that the peace officer in such a situation is in a very difficult position. I agree, but I do not think the minister would want it to be any less difficult. The seriousness of that type of situation is such that the minister would not want it to be too easy for the peace officer to read the riot act and to do the other things that are permitted once the riot act has been

read. My question is this: Should there not be some wording right in these riot act sections making it clear that it is an offence for a peace officer to read the riot act unlawfully?

Mr. Garson: Oh no. May I make this suggestion? We are not talking about reading the riot act now and it would do nothing but make for confusion if we were to bring that element into the picture. We are talking now about the degree of protection that a peace officer is afforded who uses force in the suppression of a riot, and that is all. I suggest we suspend our discussion about reading the riot act until we get to the section that deals with that. Let us confine our discussion to this matter because we will have a hard enough time keeping our minds clear about this issue without mixing it up with something else.

Mr. Knowles: All right. I will accept that, but I should like to ask the same question in relation to the use of force under such a situation as is set out in section 32. This is my point. Instead of having to rely on sections elsewhere in the Criminal Code dealing with assault or attempted murder or what have you, should there not be some wording right in section 32 or section 33 making it clear that it is an offence to make unlawful use of force for the purpose of this section? I suppose the minister is going to tell me that the section permits him to do it only if it is lawful.

Mr. Garson: Certainly.

Mr. Knowles: What happens if he does it when it is unlawful? Should there not be some restraint in the wording of this section?

Mr. Garson: No, I do not think so for a minute, because there is no sense in having the crime of assault, for example, provided for twice in two different parts of the code. Let us make this thing perfectly simple. Suppose I am a peace officer and I hit my hon. friend a blow upon the head with my baton and fracture his skull, and then I say I am justified by section 32 in doing that. That is my out. That is all that section 32 purports to do, to give the peace officer protection where he acts in good faith upon reasonable and probable grounds.

Mr. Knowles: The result would be a by-election in Marquette.

Mr. Garson: If the blow were hard enough I think it would be a by-election in Winnipeg North Centre.

Mr. Hodgson: Let us have one in both places.

Mr. Garson: Suppose my hon. friend says: "I object to this as a free citizen and I am not going to stand for it. There were no reasonable and probable grounds in this case and I am going to the police station to swear out a warrant against this peace officer upon charge of assault causing grievous bodily harm". Then the case just goes on from there. When the case comes up for trial my hon. friend, if he is conducting a private prosecution—the chances are the crown prosecutor would do it for him on a serious charge of that sort—brings his witnesses there to prove as a question of fact whether there were reasonable and probable grounds for this act of the peace officer. If there were reasonable and probable grounds section 32 would clear me. If there were no reasonable and probable grounds then I would be guilty of wounding or—

Mr. Fulton: Assault occasioning grievous bodily harm.

Mr. Garson: Assault occasioning grievous bodily harm, and I would have to pay the penalty. That is the position in which peace officers are in relation to riots. I ask my hon. friend if he were a peace officer would he not want section 32? How would he like to act without any protection of that sort? When a man has this invidious responsibility of trying to maintain order and to suppress a riot and acts in good faith and uses good judgment, is it not fair that there should be a clear statement of the law that he is protected?

Mr. Knowles: May I answer the minister by saying that I agree that the protection should be there but I think the restraint should also be in the same section.

Mr. Fulton: The restraint is all throughout the code.

Mr. Garson: Of course it is all throughout the code. Here is the difficulty. The restraint would have to be in relation to some act. It might be common assault, it might be grievous bodily harm, it might be manslaughter, it might be murder. Are you going to specify all these things in that section? I think that would be absurd. They are specified in the code in their proper place, and all that this section purports to do is to say that the peace officer will be absolved from whatever the facts establish as an offence upon his part, provided he acts upon reasonable and probable grounds and in good faith.

Mr. Herridge: I have been following with interest the points made by the hon. member for Cape Breton South and the hon. member for Winnipeg North Centre, and I am not satisfied with the section as it is. I remember during the depression a peaceful parade of unemployed consisting of less than a hundred men. When they were marching down the main street of a small town a group of police

arrived and started to pound the leaders over their heads with their batons. Naturally no man is going to stand and take that. Personally I was very glad to see three or four of the police bowled over pretty quickly. But once a man has done that it then becomes an unlawful assembly and a riotous condition. Under those circumstances I am quite sure that these men were justified in retaliating against an unfair attack, but if it came to a question of law I am also sure they would lose out because they had struck a peace officer in self-defence.

Mr. Garson: Is not the difficulty in all of these cases due to the human element and a fact that cannot be cured in the law, namely, that the men who were marching on that occasion may not have followed up the matter by laying an information? When the whole affair was over they may have felt that it was best to let it drop.

If my hon. friend is right, and I am not questioning his statement, that the police did make an unprovoked attack and started the riot, and if the evidence proved that fact in a court of law, I think there is no doubt that the police would be guilty of some offence, depending upon what the facts proved. But if no person takes proceedings, then no such consequences will follow. If they do not take proceedings and the consequences do not follow, that is not the fault of the law; it is the consequence of their inaction.

The point I am making is that in all these matters one thing that the law cannot do is to cure these human frailties. If I have rights and I will not exercise them, that is not the fault of parliament. The duty of parliament is to provide rights and whether or not a man exercises them is for him to decide.

Mr. Gillis: The trouble with all these sections under this heading is that we are discussing the wrong one first. We should be discussing clause 68 first because it is the basis for all these clauses.

Mr. Garson: I agree with my hon. friend, and I have no objection to discussing clause 68 first. I did not start this discussion. It was my hon. friend himself.

Mr. Knowles: You brought in the bill.

Mr. Garson: The hon. member rose to his feet, and I courteously let him proceed. If my hon. friend would like to start on clause 68, I have no objection. I have an amendment to offer with regard to clause 33. Might we pass clauses 32 and 33, and then go on to clause 68. If my hon. friends want to come back later to clause 32 or 33 I would have no objection to that.

Mr. Barnett: Is the minister suggesting that we stand clauses 32 and 33?

Mr. Garson: No, I shall move an amendment to clause 33. We could pass clauses 32 and 33 and if later my hon. friends, for any reason, would like to reopen those clauses I would have no objection.

Mr. Knowles: Perhaps the minister might tell us what the amendment is.

Mr. Garson: Yes.

Clause 32 agreed to.

On clause 33—*Duty of officers if rioters do not disperse.*

Mr. Garson: This amendment arose out of our discussion with the congresses and it reads:

That subclause (2) of clause 33 be amended by inserting after the word "that" in line 23 on page 15 the words "by reason of resistance".

The clause would then read:

No civil or criminal proceedings lie against a peace officer or a person who is lawfully required by a peace officer to assist him in respect of any death or injury that, by reason of resistance, is caused as a result of the performance by the peace officer or that person of a duty that is imposed by subsection (1).

In other words, to put it into even simpler language, it is only where the person has resisted the peace officer that he is warranted in using that degree of force.

Mr. Pickersgill: I move the amendment.

Mr. Knowles: Might I ask a question or two concerning this amendment? I take it that the amendment, and the subclause both before and after the amendment, refer only to an injury occasioned directly because of what the peace officer has done, or might it refer to injuries suffered by party B from party C, but which arose because party A, namely the peace officer, tried to interfere in a situation?

Mr. Garson: No, if my hon. friend will look at subclause 1 of clause 33 he will see it starts out, "where the proclamation referred to in section 68 has been made..."; that is where the riot act has been read. In such a case, when a peace officer or person who is lawfully required by him to assist to disperse or arrest persons who had not complied with the proclamation, no civil or criminal proceedings lie against the peace officer or person who was lawfully required to assist him in respect of the death or injury resulting by reason of resistance. In other words, he

may not move out and just knock people down. It is when they resist him that he is protected.

Mr. Knowles: So that this is more in the direction of a restraint.

Mr. Garson: Yes.

Mr. Knowles: It is not in the direction of greater latitude.

Mr. Garson: Did my hon. friend think the congresses would be urging something in that direction?

Mr. Knowles: The minister also mentioned the Toronto board of trade.

Mr. Garson: They were not identified with this.

Amendment agreed to.

Mr. Fulton: What does this amendment actually accomplish?

Mr. Garson: It makes it quite clear that a peace officer, on that occasion, cannot move irresponsibly into a group of people who are not resisting at all and, because the time provided for in the riot act proclamation has expired, proceed to use violence irresponsibly.

Mr. Fulton: Is not the irresponsible use of violence already protected against?

Mr. Garson: Perhaps I might reassure my hon. friend by telling him that this is merely a provision that has been in the law, is in the present code and is being carried forward.

Clause as amended agreed to.

The Chairman: Is it the pleasure of the committee that I should now call clause 68?

Mr. Garson: May I suggest that we call clauses 64 to 69 inclusive, because they are all part of the one subject matter. Is that satisfactory?

Some hon. Members: Agreed.

On clauses 64 to 69 inclusive—*Unlawful assemblies and riots.*

Mr. Gillis: The reason I suggested clause 68 should be the first clause in this set up, and really should be clause 32, was that you do not get a riot until the riot act is read by a police officer, the sheriff, the mayor or their representatives. Now, you do not have any trouble until that is done. All the other provisions contained in the other clauses relate to penalties arising out of the riot. It is by clause 68 that you determine what constitutes a riot.

The Minister of Justice has a lot more faith in the justice of the courts of this country than I have. He says that if a policeman knocks your head off, you go down and have him charged with assault under the Criminal Code. If you did that, do you know what would happen? They would put you in jail with four more charges against you. I could give you examples of that, but I do not want to do so here. Do not fool yourself that you would get away with it.

Mr. Garson: May I ask my hon. friend a question? Would he think that if the man in question went to the attorney general, who is always the chief law officer of a province, that the attorney general would treat him that way?

Mr. Gillis: Not if I went to him or you went to him, but 99 per cent of the people affected by this provision could never get to see him.

Mr. Garson: They could go to him.

Mr. Gillis: Yes, provided they could travel the 300 or 400 miles to the capital. Then, they could see his secretary and he would likely be away fishing. By that time, your case is rather cold. This is being realistic about it.

Take the history of riots across this country, and let us see who caused them? Well, it was not the man in the street who caused the riots. We know that in Regina the orders came from here. It was the peace officers, in whom the Minister of Justice has so much confidence, who came out there with tear gas bombs and rifles. There was no disturbance until they disturbed the peace.

Mr. Knowles: And last night the Minister of Finance reduced the tariff on tear gas.

Mr. Gillis: There was tear gas, and there were weapons; and there is to be no more duty on them.

Mr. Knowles: It looks suspicious.

Mr. Gillis: That was the so-called riot in Regina. And what were those desperadoes doing? Well, they were on a hunger march; they were marching because they could not afford to ride. They were not disturbing the peace.

Mr. Gardiner: They were riding on freight trains.

Mr. Gillis: It was supposed to be a hunger march. But who was it who disturbed the peace and created the riots? It was the police officers, the peace officers who have the authority to read the riot act, as set out in clause 68.

Then, there was the Vancouver post office incident. That was the only place the unemployed had in which they could sleep, in the post office. They were peaceful enough; they wanted to sleep. But tear gas was thrown

in at them and, again, a riot was set up. It was not set up by the unemployed, those who did not have a place to sleep, but by your own police officers who had the authority to read the act under this clause.

Mr. Garson: No; may I make a correction. The clause right in front of the hon. member says—

Mr. Gillis: Oh, I have read it.

Mr. Garson: —"justice, mayor or sheriff."

Mr. Gillis: I am giving my own interpretation; and a sheriff is a police officer, and a magistrate is a peace officer—

Mr. Fulton: Peace officer.

Mr. Gillis: Yes, peace officer, certainly—and the mayor is the chief magistrate.

Mr. Fulton: But the hon. member said "police officer".

Mr. Gillis: I meant to say "peace officer". I am sorry; I am not a Rhodes scholar, and I do make slips in my terms.

Mr. Fulton: You do not resent help, do you.

Mr. Gillis: Oh, I appreciate it very much. The hon. member for Kamloops is always so helpful.

And that, Mr. Chairman, is the Vancouver post office incident—hungry people, who did not know where to sleep. Some sheriff or magistrate or justice declared a state of emergency, and tear gas was thrown.

And in my own part of the country—well, I would hate to tell you the story, because it would make pretty bad reading. But I have seen that province barbed-wired three times, and just as effectively as it was on the western front. We had no riots on the streets, but the cavalry came along with their curfew. There was no trouble from the people in the community; they did not cause the trouble at all. And the person who read the riot act and set up that state of war was not a very reputable magistrate, either. He had some kind of appointment that went away back, years before, a kind of commissionership for the taking of oaths. I think it was a political appointment.

I am not concerned about the penalty because, you see, I am not advocating riots. In fact, I have had experience in helping to quell them, when the police got into a good big mess and they had to get out. We had to turn policemen, ourselves, and put some of them in jail—to save their lives.

Mr. Garson: The policemen?

Mr. Gillis: Yes, to get them out of the way, after they had the trouble started.

An hon. Member: Protective custody.

Mr. Gillis: Protective custody, that is right.

Mr. Fraser (Peterborough): Special Officer Clarie.

Mr. Gillis: No, but we had a sense of law and order, and we resented that law and order being disturbed by people who did not have sense enough to leave it alone when it was all right.

I am not afraid of the penalty, but I want to be sure that someone may not make it appear, under clause 68, that I am disturbing the peace when, in fact, I am not—and do that for his own purposes.

It was not the textile workers in Louiseville who disturbed the peace—and this was not so long ago. In the middle of the night there was an invasion of that community—and I am sure the minister cannot remember any of the police officers having been prosecuted as a result of that incident. And they certainly wielded their batons aplenty; there were some pretty ugly pictures in the press. But they had charge of the town.

The only point I am concerned about is that some person in a community who is responsible to the people of that community should have the say as to whether or not a riot is in progress. And I am positive, with my knowledge of disturbances right across Canada, that none of those disturbances would ever have happened if they had not been provoked by people who were supposed to maintain law and order—always of course under orders from somewhere else. A policeman has to do what he is told.

In many cases the big industrialists in a community have more power than the elected representatives and can order the people around—and get away with it. As I said before, I want the minister to look at clause 68. When we elect the mayor of a city I expect he will be the chief magistrate of that city, and responsible to its people. He is highly respected—otherwise he would not be elected. It is his responsibility to determine whether law and order can be enforced by his regular officials, or whether it is necessary to declare war—and that is what it is, when you bring in outsiders to maintain law and order.

I want a tightening up of the old section so that there will be responsible administration. If that is done I do not think there will be riots; and if there are no riots then, regardless of the penalties, you do not need the other sections of the Criminal Code dealing with this matter. However, they remain there to deal with a real emergency, if one should develop.

Then, before the minister determines what the penalties should be he must keep in mind

that we must define just how a riot develops, what incites it, who provokes it and the like. If you can do that, and place the reading of the proclamation under the control of the mayors of cities and reeves of municipalities, you are not going to have riots. That is my judgment in the matter, anyway.

And do not forget this, that troops can be brought in under this arrangement. The mounted police can be brought in and billeted. Then the municipality has to pay the maintenance bill all the time the mounted police are in the community. That is another good reason why civic officials should have the responsibility of declaring an emergency, when it means an added tax burden on the taxpayers.

Mr. Barnett: Mr. Chairman, I have been listening to the discussion with a good deal of interest, and I can say, with the hon. member for Cape Breton South, that I am against riots. But I do feel when we come to a revision of the Criminal Code in connection with these clauses that we should be prepared to inform ourselves on the fundamental points before we permit the clauses to pass.

To my mind the crux of the question we are considering is that it is our responsibility to assess the level of maturity we have achieved in a democratic society. These clauses come under the general heading of offences against public order. The other day I listened with a good deal of interest to the history of the crime of treason as it was outlined by the minister. I have almost wished that he might have given us a somewhat similar outline of the history of the riot act, or of riots generally. Because, unless I am entirely wrong in my understanding of the history of this matter, the riot act as we have it in our present legislation goes back over a long period of time. It arose essentially out of the feudal concept of society in which there was a higher order of people and a lower order, with the cohesion of society being predicated upon holding the mass of serfs, or whatever they might have been, in rein or in check.

In other words, basically, the idea of a riot as an offence against public order assumes an immaturity of outlook on the part of citizens generally which makes it impossible for them to control their actions in the mass. That is a question that I have to ask myself when I am considering this clause. We have listened to descriptions of some of the incidents in this country within the memory of most of the people in this house where this clause has come into force. The thought that has been going through my mind is whether or not in every instance where the provisions of that riot act have been invoked they were actually creating more trouble than they were avoiding as far as public order was concerned. No hon. member has risen to give an instance of where this riot act was used in a way that did not leave a more bitter and lasting taste in the minds of the ordinary citizens of the country than existed before.

I have also looked through this clause and I have tried to find in it any offence which is not covered by some other clause of the Criminal Code. In clause 160 and the following clauses we have various provisions to protect us against disorderly conduct. In the group of clauses from 216 to 220 we have offences having to do with acts causing bodily harm, and in clauses 372 and 373 we have offences provided against destruction of property and various forms of mischief. I have tried to imagine an offence that could be created by an individual involved in what is described as a riot that is not already covered by one of these other clauses?

If I am completely wrong in my understanding of it I should like to have the minister explain just in what way. The minister has made it clear that this is a difficult clause to administer at the level at which it has to be administered. It involves some very tricky matters of wisdom and judgment on the part of the individual responsible. If there were some way in which we could maintain an orderly society without having this thing in here at all it would be an indication that in Canada we have risen to a level where we consider ourselves to be a country of free citizens capable of acting in a responsible manner. It seems to me that if the offences that people commit as individuals against property or against the persons of other people could be dealt with individually rather than in the mass, the way they are in these clauses that we are considering, there would be much less likelihood of injustice being done and of people on the spur of the moment being wrongfully injured and wrongfully punished.

Mr. MacInnis: Mr. Chairman, I should like to say a few words in regard to this group of clauses having to do with the matter of riots and unlawful assemblies. What constrained me to speak was the phrase used by the hon. member for Comox-Alberni. He said that if there were a way of maintaining an orderly society without these clauses in the Criminal Code, or something like that, that is what we should be trying to do. I maintain that, useful as these provisions might be in time of trouble, they will not of themselves maintain an orderly society. We have riots, and we have riots only when

economic and social conditions have brought people to the point of desperation. These are the basic causes of this sort of disturbances of people. There may be some other factors at times.

Mr. Pickersgill: The Montreal riot in 1849.

Mr. MacInnis: That was shortly before my time; I cannot recall it. But other reasons may arise in a less well-informed society than the present one, and in a society where people are not free there may be riots, and there may be riots because of religious matters, but there is not very much danger of that, at least in my own section of the country. Actually, there is not much danger of any riots rising because of that reason today.

I have read considerable history, and particularly British history. The riots that I have read about all arose from the desperation of the people. Probably the one that we remember the most is the Peterloo massacre near London some hundred years or so ago—probably it is not quite that long. But if we concern ourselves with good conditions of living, or as reasonable conditions of living as we can, and bring all our people in it so that they may have a part in our government and a part in the economic organization of society, then, people who have constructive opinions like that today are not going to riot and destroy the work of their own hands. Until you have that, these clauses may make provision for putting people in jail, but they will not of themselves create and maintain an orderly society.

If we do these things that we should do in this country that is so rich and has so many resources I believe riots and disorderly and unlawful assemblies would become as extinct as the dodo. I believe we are dealing with the whole series of clauses from 64 to 69, and this is the one that causes the difficulty:

> A riot is an unlawful assembly that has begun to disturb the peace tumultuously.

Why is the word "begun" there? How does a person know, if there is a beginning, there is going to be a continuation? How much beginning is there going to be before we can say there is a riot? Would it not be much better to say that a riot is an unlawful assembly which has disturbed the peace tumultuously. It seems to me we are trying to get a thing before it is there at all. There are other phrases similar to this which might make sense to learned lawyers but to the ordinary person like myself they do not make an awful lot of sense. I would emphasize again that from the little experience I have had with riots and disturbances of the peace it is my impression that they all arose at a time when the young men of this country could not get a better outlet for their energies and they organized some sort of resistance or protest against their conditions. That protest embarrassed the local authorities and then to excuse themselves for their failure to do anything they read the riot act.

Mr. Fraser (Peterborough): Mr. Chairman, it was not my intention to speak on this clause but I saw the mayor of a city many years ago read the riot act and that is why I am on my feet at the present time. According to clause 68:

> A justice, mayor or sheriff or the lawful deputy of a mayor or sheriff who receives notice that, at any place within his jurisdiction, twelve or more persons are unlawfully and riotously assembled together, shall go to that place and, after approaching as near as safely he may do, shall command silence and thereupon make or cause to be made in a loud voice a proclamation in the following words or to the like effect: "Her Majesty the Queen charges and commands all persons being assembled immediately to disperse and peaceably to depart to their habitations or to their lawful business upon the pain of being guilty of an offence for which, upon conviction, they may be sentenced to imprisonment for life."

In this case in a city many miles from my own riding I saw the mayor on the steps of the city hall with 50 or more policemen around him and hundreds of people out on the street wondering what it was all about. He read this clause or something similar and immediately he had finished reading it the policemen started down among the crowd. They dispersed them with their batons and I never saw anything so cruel in my life. I saw many innocent people being injured. I believe there should be something in this clause which would make it necessary for the police to hold back for some time in order to give the people an opportunity to disperse. I am not a lawyer but I cannot see anything in this clause that gives the people time to disperse.

Mr. Knowles: There was in the old section but it was taken out, unfortunately.

Mr. Garson: We are proposing to move an amendment to that clause.

Mr. Fraser (Peterborough): I am glad to hear that an amendment will be moved but I wonder if the minister would read it now so that we may know what its effect will be?

Mr. Garson: I will move the amendment as soon as we reach that clause.

Mr. Fraser (Peterborough): Would it not be better to move it now so that we may know what it is?

Mr. Garson: I have no objection if that is agreeable to the committee.

The Deputy Chairman: I would suggest that the amendment be read now for the information of the committee and it can be moved formally when we reach the clause.

Mr. Garson: The amendment would be to delete the word "forthwith" where it appears in lines 15 and 16 on page 25 and substituting therefor the words "within 30 minutes."

Mr. Knowles: Mr. Chairman, I realize that this amendment is not now before the committee and will not be moved until we reach clause 69 but I will say I am glad the minister is going to propose this amendment. Among other things he will be saved from listening to a half-hour speech from me and in effect he will be saving 30 minutes here as well as putting 30 minutes in the appropriate clause. As the minister knows, that provision was in section 92 of the code as it stood before, and we were going to propose its reinstatement. I rise at this moment, however, to point out that there has been another change made as between the old section 92 and the present clause 69 which I believe requires justification. The old section read in part:

(b) continue together to the number of twelve for thirty minutes after such proclamation has been made, . . .

That "number of twelve" has been deleted from the new section, as was the reference to 30 minutes. Is the minister going to move an amendment to put the word "twelve" back in the clause as well as the 30 minutes? I notice that the "number of twelve" was in section 91 of the old version and it is in clause 68 of Bill No. 7, but whereas the "number of twelve" was in section 92 of the old version it is not in clause 69. It seems to me it ought to be there and I would like the minister to indicate why it has been deleted.

Mr. Garson: Both the matters we have been discussing, the deletion of the reference to thirty minutes and the number of twelve, were recommendations made by the royal commission because they thought presumably that the references were not necessary in the existing code. In the case of the number of twelve I do not believe a great deal turns on it because if there were a real riot and the riot act is read and there is a period of thirty minutes within which they can disperse the fact of there being twelve left is not particularly material. The purpose of reading the riot act is so that a group assembled together can disperse. The group may be 75, 100, 500, or 1,000, and I can see that if they are all assembled together in a riotous group it would be necessary as a matter of common sense to permit some time within which the people in the forefront could have space in which to move away but I do not think it would be a matter of great moment that there should be less than twelve left at the end of that period of time.

For that reason and in view of the fact that that was the view of the royal commission and of all the bodies who have considered this up to the present time we thought, after consultation with these labour bodies, that it was wise to restore the thirty minutes but that there was no particular purpose served in restoring the number of twelve.

Mr. Knowles: I agree the thirty-minute provision is much more important than the other one, but I can but recall that half an hour or so ago the minister urged us to recognize that there was a great deal of wisdom in the past in dealing with sections covering the suppression of riots and the reading of the riot act, and he cautioned against any change from the collective wisdom of centuries gone by. He states that nothing may turn on this, but I believe a good deal might turn on it for the last ten or eleven people who are left. I wonder whether it was necessary to strike out the reference to the number of twelve.

Mr. Ellis: Mr. Chairman, clause 68 reads in part as follows:

A justice, mayor or sheriff or the lawful deputy of a mayor or sheriff who receives notice . . .

My question is this: Who are authorized to notify the mayor or the sheriff that there is an unlawful assembly or that the peace is about to be disturbed tumultuously?

Mr. Garson: There is no person who is authorized particularly. It would be rather ridiculous if when a riot was in progress we said that the only people who could carry the news of the riot must be the mayor, a member of parliament, the chief of police or someone like that. A person can carry the news to him and will say, "Mr. Mayor, there is a riot out here and we need your official presence right away to deal with it". The only purpose of that language is to say, in effect, that when the mayor or when these other officers receive the notice it is part of their official duty to go there and to take the necessary steps which are part of the responsibility of their office to deal with a riot under this section.

Mr. Ellis: What proof has the mayor that there is indeed a situation as described to him? In other words, must the mayor or the sheriff accept a report brought to him that there is an unlawful assembly and that a riot has begun? If so, is it mandatory for him, on the information given to him, to read the riot act? That is what I am trying to get at.

Mr. Garson: No. My hon. friend must not imagine a lot of difficulties about a matter which is really one of common sense. If within the language of the section a mayor or sheriff, or the lawful deputy of a mayor or sheriff acting if he is not there, receives notice that at any place within his jurisdiction twelve or more persons are unlawfully and riotously assembled together, he shall go to that place and he shall read the riot act. That is a statutory direction to him as to what his duty is in the matter. He is the man upon whom the responsibility falls. His responsibility is to choose between the consequences of not doing what the statute directs him to do, for which he will have to answer, or doing what the statute directs him to do. If he is guilty of a bad mistake in judgment and it turns out that it really is not a riot that he is dealing with at all, then he is answerable for that also. He is therefore unavoidably in an extremely unhappy position; but that is what he gets for being mayor.

Mr. Ellis: That is the point I wanted to get cleared up, because of the word "shall". I read that word "shall" as indicating that it was the duty of the mayor, upon receiving this information, to go to this place and to read the riot act. I am glad that the minister has cleared up this matter to my satisfaction by saying that it is up to the mayor, after the information has been received, to decide on his own authority whether or not a situation does exist where the reading of the riot act is necessary.

Mr. Garson: I will say this to my hon. friend. Where a statutory authority is in these terms imposed upon any public official, what he does is this: Where he receives the notice, he goes to the place, looks at the alleged riot and tries to form the best judgment he can as to whether what is taking place is actually a riot or not. He has to use his good sense to make that decision, knowing that if he errs on either side he will be at fault. Faced with that situation, he exercises his judgment as best he can. If he says, "No; I do not think it is a riot," and if it turns out that there is a riot and that he is wrong, then he is guilty of an offence of failing to carry out his statutory duty. If my hon. friend will look at clause 70—perhaps I may be allowed to refer to it; it is not one of the ones we are now considering; it is just beyond that—he will see this provision:

> A peace officer who receives notice that there is a riot within his jurisdiction and, without reasonable excuse, fails to take all reasonable steps to suppress the riot is guilty of an indictable offence and is liable to imprisonment for two years.

Hence the mayor or sheriff has quite a decision to make.

Mr. Ellis: In other words, in view of section 70, the safest course for the mayor to follow would be to read the riot act, because if he does not read the riot act and there is a great deal of criticism of his action, he could be held liable to imprisonment under section 70.

Mr. Garson: Yes; he could. But on the other hand if he read the riot act as a result of the exercise of bad judgment he would be responsible for some consequences there also. That is why I say that where the human being in an official capacity like that is vested with that type of responsibility, there is no way that I know of whereby we, in passing laws in this parliament, can avoid the consequence of errors in human judgment any more than we have done in the sections in the statute at the present time. My hon. friend may not think they are perfect but if he objects to any of these clauses I wish that in the course of doing so he would suggest some alternative to them.

Mr. Ellis: During the discussion this afternoon we have had all sorts of examples given where the riot act was read and where there was no need to read it. My question to the minister now would be this. In those cases, what happened to the magistrate or the mayor who read the riot act under those circumstances? Offhand, I cannot recall any action being taken against those people because they read the riot act. But I am suggesting that if they do not read the riot act, they are liable to imprisonment. I think the minister will agree with me on that point. In the examples given this afternoon, I think the minister will agree that there have been many incidents in this country where there was no need to read the riot act and that it was an unfortunate episode. We will all agree on that, I believe. But under these circumstances, no action has been taken whatsoever against either the peace officers or the responsible authority who read the riot act in those circumstances.

Mr. Garson: If my hon. friend will read the section carefully again, I think he will find the answer to the argument that he has just been making during these last five minutes. It says:

> A peace officer who receives notice that there is a riot within his jurisdiction and, without reasonable excuse . . . fails to take all reasonable steps to suppress the riot is guilty of an indictable offence . . .

If he is charged under that section he would come in and he would say, "The reason I acted in the way I did was as follows. I got the notice. I went there. This is what I saw. My excuse for not reading the riot act is as follows." It may be that he made an error in judgment but if he could convince a jury—if it is a jury trying the case—that this was an honest error in judgment and if they regard his excuse for not acting was reasonable, that would secure him an acquittal, I should think. It would be for the jury to decide that issue as a question of fact.

What other provision could we make? We have got to put the responsibility there. It must be remembered that these are not infallible people who are making these decisions but just fallible human beings like you and me. Would any of us be unreasonable enough to say that we should leave out from this clause the term "without reasonable excuse"? I think these sections are quite good. And they should be; for they have been carefully considered over many decades.

Mr. Ellis: Will the minister point out where the specific punishment is spelled out for those who err in the other direction, namely those who read the riot act and precipitate a situation?

Mr. Garson: Mr. Chairman, I have gone over all this before. I even spelled it out. Perhaps my hon. friend was not listening, but what I said was that where peace officers or other such officers, relying upon these statutory protections, without reasonable cause and in bad faith exceed their jurisdiction, they would then be responsible for whatever crimes their acts would constitute if they were done without authority. I cited the case of a peace officer in the pretended exercise of authority striking a gentleman over the head with a baton and I said that would probably be assault occasioning grievous bodily harm but for the protection he has under the code.

Mr. Knowles: That was the minister attacking me.

Mr. Cameron (Nanaimo): I wonder whether the minister can tell us of any instance in Canadian history in which the question of reading the riot act without justification has been made the cause of an action against the official who read it.

Mr. Garson: I am sorry that I cannot. Beyond the fact that I am piloting this bill through the house, I have no more knowledge of riots than my hon. friend who asked the question. I have never had any occasion to look into this matter. I think this must be said, that very frequently those who might have some cause for complaint or some reason for laying an information against a peace officer under these circumstances are the ones who on the facts are perhaps less likely to have any interest in doing so. It may be that some informations of that sort should have been laid that have not been laid. However, as I said on a previous occasion in this debate, that is not something that we can take care of in the law. All we can do in the law is to state rights and provide remedies. If those who have those rights and remedies choose not to exercise them, the law cannot in advance deal satisfactorily with a situation of that sort.

Mr. Cameron (Nanaimo): I asked that question because I perhaps have more knowledge of riots than the minister inasmuch as I have been on the spot on two occasions when the unlawful assembly sections of the code have been used. To my knowledge they were used on two occasions for the sole purpose of railroading genuine trade union pickets to jail.

For the information of the minister, I will describe one of these incidents which was a notorious case on the coast of British Columbia. Perfectly legal union pickets in a legal union strike that had gone through all the provisions of the trade union legislation of British Columbia were driven from their places on the picket line into an ambush prepared by the police. Many of the men went to hospital and the others were arrested the next day on a charge of unlawful assembly. I watched them being arrested. Those men went to jail. I was not arrested myself because I happened to be a member of the provincial legislature of British Columbia at the time. Otherwise I undoubtedly would have been. But that was one occasion.

I saw another case involving another perfectly peaceful orderly strike in the mining district of British Columbia where the same provisions were used on the same flimsy grounds because half a dozen men had collected. It was an opportunity to railroad them to jail and get them out of the way. That is how these provisions were used. I do not know of their ever having been used for any other purpose. What protection is there?

Mr. Philpott: I have listened with a good deal of interest and a little bit of amusement to some of the remarks from my hon. friends opposite. It seems to me that in their indignation about occasional abuses of power through the reading of the riot act they are

losing sight of the necessity of having a perfectly good section in our Criminal Code to deal with riots. I think anyone who reads the history of this country or who talks to his old mother or his grandmother will very quickly learn that there have been many riots in this country for many different reasons and not, as the hon. member for Vancouver-Kingsway says, merely arising out of poverty or industrial disputes.

For instance, we had riots in 1849, and the reason we are meeting in this chamber in Ottawa today instead of in Montreal, which was the natural capital of Canada, arises from the fact that the more ardent Conservatives of 1849 rather went on a rampage and stoned the governor general of that day. As I recall it, they burned down the parliament buildings. I am not sure whether anyone had time to read the riot act, but if they did not they should have. If you will read the history of a little later time you will see where Orangemen rioted against Catholics and Catholics rioted against Orangemen. There was a very serious riot in the holy city of Toronto when someone tried to put on the wrong kind of religious parade on the wrong day.

I can remember that in my boyhood a very serious riot took place in Hamilton. I also saw the serious consequences of a mayor reading the riot act on a wrong occasion. But I would point out to the hon. members opposite that we are living in a democracy under a system of responsible government, and the last court of appeal is always the common sense of the Canadian people. If a mayor reads the riot act wrongly we know what to do with him at the next election. We toss him out.

Mr. Cameron (Nanaimo): I think the hon. member for Vancouver South has just proved my point because he has referred to the number of riots that have taken place despite this provision in the law, which shows that it is of no use whatever in stopping a real genuine riot. It takes place anyway.

Mr. Knowles: I merely wish to cite an example, which will be familiar to the Minister of Justice and I believe to the memory of the historian of the house, the Secretary of State, to prove that it is not necessary every time informal notice is given to a mayor that there is trouble brewing for him to read the riot act. I refer to an instance in the city of Winnipeg in 1935. The two hon. gentlemen opposite to whom I referred will remember that John Queen was mayor of the city at the time, and in his absence Alderman John Blumberg was acting as deputy mayor.

Shortly after the riots had taken place in the city of Regina a situation began to develop in Winnipeg with large numbers of these marchers on Ottawa passing through our city. I remember the incidents myself quite well but I have also heard John Blumberg tell the story a good many times in the way that he alone can tell it. The chief of police was of the opinion that the riot act should be read. Indeed, if I recall the story correctly, I believe there were others in authority who expressed the same opinion to John Blumberg. As the minister has pointed out, the responsibility of making the decision rested on that occasion on John Blumberg. He refused to read the riot act and it was not read. I think my hon. friends opposite would agree with me it was a good thing that it was not. I put that on the record to emphasize the point that even after legislation has been provided, whether good or bad, it is important to have persons in positions of responsibility who can exercise good human judgment.

Clause 64 agreed to.

On clause 65—*Riot.*

Mr. Knowles: Before this clause carries may I ask the minister whether any consideration was given to amending it so as to make it clear that a strike would not be deemed to be a riot? I believe this suggestion was made to the minister by some of those who waited on him recently. What has he to say on the point?

Mr. Garson: Yes, that was considered and discussed. It was our view, which I think I am right in saying was shared to quite an extent by others with whom the discussion took place, that a provision of that sort would add nothing to the clause, and indeed might create the impression that a strike was a riot unless declared by the clause not to be a riot.

Clause agreed to.

Clauses 66 and 67 agreed to.

On clause 68—*Reading proclamation.*

Mr. Gillis: I should like to ask the minister if he might not think over an amendment to clause 68. A moment ago, the hon. member for Winnipeg North Centre stated that the acting mayor of Winnipeg refused to read the riot act and that turned out to be a very good thing. All I have been asking is that someone with some responsibility to the community, the city, town or municipality affected, should be the one to make the decision as to whether or not it was necessary to read the riot act. As the clause now reads, that is not the case. The sheriff or his agent, the magistrate or his agent, the mayor

or his agent may read it. I should like to see that provision limited to persons responsible to the municipality.

In my judgment all the trouble I have seen in connection with the application of this section of the code has arisen from the fact that the people who read the riot act merely read it for the purpose of precipitating a riot rather than preventing it. If it were amended so that the mayor or his representative in the community were the ones to have that responsibility, I should be quite satisfied.

Mr. Garson: We have felt all along that in the very respect the hon. member for Cape Breton South raises this point the clause in its present form is fairly tight already. The only people who have the right or the duty to read the riot act are a justice, who is a judicial officer, or a mayor or a sheriff or the lawful deputy of the mayor or sheriff, but not, as my hon. friend says, the agent of a justice. Having regard to the fact that this section is of general application all across Canada, and that circumstances might arise under which the mayor is not present or the justice is not present and perhaps even the sheriff does not happen to be around at the time this riot occurs, it does not seem unreasonable to say that the deputy mayor who, in most cases of which I am aware is another elected member of the council, or the deputy sheriff, shall have the right to perform this function.

It may be that my hon. friend objects to the idea of the deputy sheriff upon the ground that he is not an elected representative. I would not object to striking out the word "deputy sheriff" but I do not think we should strike out the word "sheriff" because the sheriff is one of the main peace officers of the community. In most cases of which I am aware he is a long resident there and is a man who enjoys the confidence of the community. If my hon. friend would like to have this power limited to a justice, the mayor, the sheriff or a deputy mayor, I would accept that amendment. However, I do not think we should leave any of the others out because they are all responsible officials.

Mr. Gillis: They may be responsible all right, but they have no responsibility to the community in which that kind of action might take place. The sheriff is a political appointee, and in many cases—

Mr. Pickersgill: May I ask the hon. member a question?

Mr. Gillis: Yes.

Mr. Pickersgill: Does he realize that there are some provinces, including the one I happen to represent, where in many cases we have no organized municipalities so if the word "justice" were taken out the law would not apply there at all.

Mr. Gillis: I am not suggesting the word "justice" should be taken out, but we want to make sure he is a recognized and legitimate magistrate. There are a lot of people running around this country who are classified as justices of the peace, but who have no responsibility or any roots in any community. The services of such people might be used in reading the riot act. I would be quite prepared to leave in that word "justice" on the understanding it was someone administering justice in that particular community, and not someone imported. I certainly do not agree with the word "sheriff" or the words "deputy sheriff". In the final analysis, the responsibility should be that of the mayor or the justice in the community, as described by the Secretary of State. I believe the wording of the clause is altogether too loose just now.

The Chairman: Shall clause 68 carry?

Mr. Knowles: On division.

Clause agreed to on division.

On clause 69—*Preventing proclamations.*

Mr. McCann: I move:

That paragraphs (b) and (c) of clause 69 be amended by deleting the word "forthwith" where it appears in lines 15 and 16 on page 25 and substituting therefor the words "within thirty minutes."

Amendment agreed to.

Mr. Knowles: I have a question to ask about the clause as amended. Has any consideration been given to the question of the severity of the penalty provided under this clause? As a layman it strikes me that it is a rather severe penalty, imprisonment for life for failing to disperse because some deputy sheriff read the riot act?

Mr. Garson: Yes, consideration was given to that, but the whole basis for all these provisions relating to riots is that it is in the interests of a stable society, first of all, that the riot should not take place at all. It is in the interests also of society, and of the rioters, that the riot should not continue. Those who persist in taking part in the riot are made liable to these severe penalties —although the maximum penalty is not too often imposed upon those found guilty of rioting—with the view that the riot should not continue and possibly result in some serious loss of life, limb or property. It is for that reason the penalty is, and always has been, so severe.

Mr. Knowles: I might concede, though I do not think I would even go that far, the

severity of the offence under paragraph (a), concerning anyone who opposes, hinders or assaults, wilfully and with force. But when you get to paragraph (b) concerning a person who does not peaceably disperse and depart from the place, or to paragraph (c) concerning a person who does not depart from a place forthwith—that is now within thirty minutes—I believe the penalty is severe. Conceivably, a person might take thirty-one minutes to get away and he would have broken the law and be liable to imprisonment for life. Perhaps I am overstating the case by bringing up a ridiculous example, but it does seem to me, in the light of penalties that are imposed for other crimes in the code, that this one is too severe.

Mr. Garson: All I can say in relation to that is if my hon. friend will look at similar legislation in other countries, and in this country for many years, he will find the same severe penalties upon those who are called upon to disperse and who do not disperse. The grievous by-products that the riot produces are what the legislators are trying to avoid by imposing this severe penalty. My hon. friend says that it sounds ridiculous. Well, it has not been regarded as ridiculous by generations of legislators and lawmakers over the years. And I must say that, for my own part, I certainly do not regard it as a ridiculous idea. I think it is very desirable for everyone concerned that riots should be dispersed as quickly as possible.

The Deputy Chairman: Shall the clause carry?

Mr. Knowles: On division.

Clause as amended agreed to on division.

On clause 52—*Sabotage.*

Mr. Garson: In connection with clause 52 I propose—

Mr. Knowles: Have you got my amendment?

Mr. Garson: Yes; there are three amendments here. The first one refers to words in paragraph (a).

Mr. Knowles: Hear, hear.

Mr. Garson: The words "the safety or interests of Canada" seemed rather broad. It is suggested that the clause would be more precise if paragraph (a) of subclause 1 of clause 52 were deleted and the following substituted therefor, "the safety, security or defence of Canada, or".

Mr. McCann: I move:

That paragraph (a) of subclause (1) of clause 52 be deleted and the following substituted therefor:

"(a) the safety, security or defence of Canada, or"

Mr. Knowles: While the amendment offered by the minister is not exactly the one I was going to send to you, Mr. Chairman, it does meet our main objection. We certainly did not like the word "interests" in the subparagraph. As the minister pointed out when we were dealing with clause 46, the word had appeared there in an earlier draft, and even Their Honours in the other place thought it went a little too far. It had been my intention just to move for the deletion of the words "or interests". The subclause would then have read, "the safety of Canada, or". But it seems to me the words now proposed by the minister mean much the same thing. They relate to the military safety rather than what might be regarded as economic interests.

Amendment agreed to.

Mr. Garson: Then Mr. Chairman, I have another amendment to suggest, and which I would ask my colleague to move.

Mr. McCann: I move:

That subclause (3) of clause 52 be amended by deleting the word "or" at the end of paragraph (a) and adding a comma and the word "or" at the end of paragraph (b), and by adding, immediately after paragraph (b), the following paragraph:

"(c) he stops work as a result of his taking part in a combination of workmen or employees for their own reasonable protection as workmen or employees."

Mr. Fulton: I take it the amendment follows the representations made by the Canadian and Catholic Confederation of Labour, as submitted to the minister on March 2. This is the exact amendment they suggested, is it not?

Mr. Garson: Yes; all three labour congresses are in agreement, and also Mr. Crysler, representative of the Toronto board of trade.

The Deputy Chairman: Is the amendment agreed to?

Some hon. Members: Agreed.

Mr. Barnett: I should like to say a word in support of the amendment.

Mr. Fulton: It has been carried.

The Deputy Chairman: The hon. member for Comox-Alberni may proceed.

Mr. Knowles: Who is using the steamroller now?

Mr. Barnett: I was not aware that it had been passed. However, I wish to rise only to say that I am very glad to support the amendment proposed now by the minister. As a matter of fact, I had prepared a draft of an amendment somewhat along the lines of that the minister has offered, although

perhaps not in identical terms. I assume that the one he has offered may be more appropriate from a legal standpoint that the one I had drafted.

I did feel that the section as we have had it before did leave some very serious loopholes, in so far as the proper protection of those representing bodies of workmen or individual workmen was concerned. We all know that in the normal manner in which trade union organizations are set up there are people involved who are not employees of a particular plant. I feel that if we are going to make it clear that this section is not designed to be used other than for the protection of the legitimate rights of the workers when dealing with their employers we are taking a proper procedure. I am sure no one would quarrel with the fact that during the period of hostilities from 1939 forward the workers of Canada had a very good record in supporting the safety and interests of the country. I think it should be made perfectly clear that this clause is not designed to be used against the workers of Canada, nor against those whom they select to represent them from time to time in their discussions with employers.

I feel that if that assurance can be incorporated in the clause it offers the best possible protection our society can devise against those who may be interested in acts of sabotage during times of war or of approaching war. I know there has been a good deal of propaganda among working people to the effect that this was a clause which was going to be used against the legitimate rights of labour. I am happy to see the minister agrees so entirely that protection of the workers' rights is necessary, and has put forward this amendment.

Mr. Michener: I should like to ask the minister about the word "combination". It is an unusual word in labour legislation, and I am wondering whether it was chosen for some particular reason. I should have thought the normal word would have been "association" or "union". Is there some significance in the expression "combination of workmen"?

Mr. Garson: Yes, that is an expression used in the existing code.

Mr. Michener: Where?

Mr. Garson: I will give the hon. member the section in a moment. It is lifted bodily from the existing code; so that it is authorized by usage.

Mr. Herridge: I should like to say briefly that I had the opportunity to discuss this clause with several union groups, and I am pleased indeed the minister has seen fit to move the two amendments he has moved today. I think both of them will remove a great amount of the objection organized labour had to this clause.

Mr. Philpott: I should like to point out that all of these changes were made by the government side completely voluntarily and without any pressure whatsoever from the opposition.

Mr. Knowles: Is the hon. member trying to stir up a riot?

Mr. MacInnis: It is amazing how quickly some people deteriorate after they come to this house. At one time I thought my hon. friend was a non-political person. As a matter of fact, I could produce columns of material that he wrote advocating the election of members of the opposition to the House of Commons as well as myself. I have a question for the minister. When the delegations from the various labour organizations were discussing this matter with him, did they discuss the deletion of certain words in lines 25 and 26 of subclause 4: "having stopped work in the circumstances set out in subsection 3."

Mr. Garson: If my hon. friend will allow me, I was going to move an amendment—

Mr. Fulton: Before the minister does that, and before we dispose of this clause, I do not think the absurd remarks of the hon. member for Vancouver South should go without a little further answer.

Mr. MacInnis: When you know him you will let him go.

Mr. Fulton: Those who have not read the columns of the Vancouver *Sun* for as long as my hon. friend and I would perhaps not know of the depths of absurdity to which he can go. My hon. friend is well aware of the fact that if it had not been for the opposition all those clauses would have passed with the support of hon. members from the other side, so that the representations of organized labour would not have had any effect. One should be thankful for the fact that they were held up and allowed to stand at the request of the opposition, and that having been held up organized labour and others interested have made representations.

Mr. Garson: Mr. Chairman—

Mr. Fulton: I think for the purposes—

The Deputy Chairman: Order.

Mr. Garson: On a point of order—

The Deputy Chairman: Order.

Mr. Garson: On a point of order, I want to raise—

The Deputy Chairman: Order. I think that, in all fairness, perhaps the provocative remark which was made by the hon. member for Vancouver South was of such a nature that it would have been only fair for me to allow some reply thereto. I might point out to the committee that now there have been two replies to the one remark, and the replies have been considerably longer than the remark. I think the committee might now come back to the discussion of the amendment now before it.

Mr. Garson: Mr. Chairman, in the interests of having a good code, no matter who gets the credit for it, I move that clause—

The Deputy Chairman: Is it the desire of the committee that this amendment should be read so that they will know what it consists of? We have not yet carried the second amendment. Is the committee ready for the amendment?

Mr. Knowles: Let us hear the other one. May 4 be related to 3 (c)?

Mr. Garson: No. The amendment reads:

That subclause (4) of clause 52 be amended by deleting the words "having stopped work in the circumstances set out in subsection (3)".

That again has the approval of all the labour congresses and the board of trade of Toronto.

The Deputy Chairman: The question is on the second amendment, which deals with adding clause (c) to subparagraph 3. Shall the second amendment carry?

Mr. Herridge: Would you mind reading it again? It is quite difficult to get the whole implications in an amendment.

The Deputy Chairman: The amendment that is now before the committee is:

That subclause (3) of clause 52 be amended by deleting the word "or" at the end of paragraph (a) and adding a comma and the word "or" at the end of paragraph (b), and by adding, immediately after paragraph (b), the following paragraph:

"(c) he stops work as a result of his taking part in a combination of workmen or employees for their own reasonable protection as workmen or employees."

Amendment agreed to.

Mr. McCann: I move:

That subclause (4) of clause 52 be amended by deleting the words "having stopped work in the circumstances set out in subsection (3)" where they appear in lines 25 and 26 on page 21.

Mr. Fulton: I appreciate the fact that these amendments have been requested by the three main trade union organizations and apparently approved by one of the boards of trade in the country; but in the brief submitted on March 27, while the changes were suggested, I cannot see any arguments in support of them, and I must say I am at a loss to know why it is felt that these words should be deleted. As I look at the clause as it now stands, even with the amendments that have been adopted so far, it seems to me that these words are appropriate and are not unduly restrictive. I will not go any further and express my final opinion on it, but I should like to know what arguments were advanced in support of deleting these words.

Mr. Garson: Because the stoppage of work of that sort has no particular relevancy to the crime of sabotage.

Mr. Knowles: Does it not also have this effect, that with the words in there, which the amendment now proposes to take out, the saving effect of the clause was limited to the persons who had actually stopped work at the plant in question; whereas now it is possible for others than those actually on strike from a particular plant to be part of the picket line. Is not that the effect?

Mr. Garson: Yes, of attending for the purpose of obtaining or communicating information.

Mr. Knowles: That phrase the minister has just read is the legal way of describing a picket line. I think I have correctly stated what the effect of the amendment is that the minister moved. Certainly it was our intention to move an amendment to have that effect. I believe the minister has achieved it.

Amendment agreed to.

The Deputy Chairman: Shall the clause, as amended, carry?

Mr. Barnett: I take it that the minister has no further amendment to propose in connection with this clause?

Mr. Garson: No; is my hon. friend opposing the last one?

Mr. Barnett: No. I have one which I feel covers a point which has not yet been covered. I would like to move:

That clause 52 of Bill No. 7 be amended by adding at the end thereof the following:

"(5) No person does a prohibited act within the meaning of this section by reason only that, having information communicated to him, as provided in subsection (4), he refuses to do, or to continue to do, any act pertaining to his employment."

I do feel, Mr. Chairman, that if this clause is to be clear and not involve those engaged in legitimate trade union disputes, in addition to the amendment which the minister has proposed it should be made clear that, to put it in ordinary words, a member of another

union who respects a picket line or recognizes certain information with respect to it, which has been communicated to him, is not committing sabotage simply because he recognizes the existence of that picket line and may refuse to do certain acts as a result of the information that has been communicated to him. If this is not in the clause I can conceive of a situation where the people responsible for the closing down of a plant might be completely immune from any possible charge of sabotage, and yet someone who was not nearly as directly involved might become subject to such a charge.

Mr. Garson: May I ask my hon. friend a question? What would be covered by the amendment my hon. friend has moved that would not be covered by the amendment, paragraph (c), passed a few moments ago?

Mr. Barnett: Well, Mr. Chairman, if I may in turn ask a question of the minister. Is his understanding of this paragraph (c), the amendment which was moved a few moments ago, such that he believes the wording of it will cover those who may not be immediately involved in the operations of a plant which has been closed down, or those who may be connected as union officials?

Mr. Garson: My trouble, Mr. Chairman, is that I am not too sure what my hon. friend is trying to cover. We have already covered quite a large area in this paragraph (c). If my hon. friend is urging another amendment then I think we should not pass it unless he can show there is an area left which this other amendment of his will cover, because the amendment we have suggested here is the product of very long and careful discussion with the three congresses and with the legal experts of the Toronto board of trade. In a matter of this kind it is easy to make a legislative blunder, and I would be disinclined to accept his amendment unless he can demonstrate it legitimately covers something which is not covered by the amendment passed a few moments ago.

The Chairman: Perhaps I should read the amendment moved by the hon. member for Comox-Alberni:

That clause 52 of Bill No. 7 be amended by adding at the end thereof the following:

"(5) No person does a prohibited act within the meaning of this section by reason only that, having information communicated to him, as provided in subsection (4), he refuses to do, or to continue to do, any act pertaining to his employment."

Mr. Barnett: Mr. Chairman, first of all, as I believe I mentioned earlier, I gave some consideration to what seemed to me to be weaknesses in this clause. The series of amendments which I have drafted, as I explained, are not worded in the same manner as the amendment which the minister introduced, and the amendment which I have just moved was based upon the wording of other amendments which I have not moved because the minister introduced his amendment. I must say I have not been able to satisfy myself that the point I have in mind is completely covered by the wording of the amendment which the minister introduced, and I am wondering whether it might be possible to allow this clause to stand for the present—

Mr. Garson: Mr. Chairman, I do not think that is reasonable. This bill has been in process now for some five years and I have told my hon. friend that the amendments we have brought in this afternoon have been reached after long and careful discussion with those who should know and who should be well posted in these matters. After hearing the views of both sides we have been able to meet the suggestions they made. I would be strongly disinclined to accept the amendment moved by my hon. friend because I am not sure what the results of it would be upon the amendments we have already passed, and unless he can tell us what the results would be I do not think we should accept his amendment.

Mr. Barnett: Mr. Chairman, I believe I can state the purpose of my amendment in very few words. Its purpose is to protect a worker from the possibility of having a charge of sabotage laid against him because he refused to cross a picket line. In ordinary phraseology that is the purpose of the amendment which I moved because I felt that under the wording of the previous clause no such protection was offered. If the minister could assure me that in his understanding paragraph (c) covers that situation, and if he is satisfied that that factor was given adequate consideration when this subclause was drafted, then I will not be too concerned about the present amendment. But I would like to feel satisfied on that point.

Mr. Garson: Mr. Chairman, with all the good will in the world it is not my function to explain to my hon. friend what the result of his amendment would be, nor is it my function to explain to him what in his amendment is covered by what has already been passed. Perhaps he has not my amendment before him which reads:

(c) he stops work as a result of his taking part in a combination of workmen or employees for their own reasonable protection as workmen or employees.

My hon. friend will have to answer his own question as to whether "he stops work" includes the crossing of a picket line.

The Chairman: Shall the amendment carry?

Mr. Knowles: Mr. Chairman, may I make this suggestion? I take it the minister is not prepared to consider the request that the clause be allowed to stand. Perhaps the amendment can be defeated without prejudice to my colleague's right to bring it in again, or it could be withdrawn on the understanding that if the hon. member for Comox-Alberni, after considering the matter further and perhaps discussing it with the minister privately, wishes to bring it in again at a later sitting then the minister might consider this clause being reopened.

Mr. Garson: I do not want to be unreasonable but I am not prepared to give that undertaking because we have tried to be fair to the people who are primarily concerned, the employers on the one hand and the congresses on the other. We have reached a wording which is satisfactory and I believe that unless a better case can be made than the hon. member has made thus far for his amendment we should not further tinker with the wording we have now.

Mr. Knowles: Mr. Chairman, I was not asking the minister to give an undertaking that he would agree to the amendment tomorrow when he is not prepared to agree to it now. I was merely asking that he give an undertaking that if the hon. member for Comox-Alberni was able to persuade the minister that the point should be considered that he would not be unwilling to have the point reopened at some future sitting. Frankly, Mr. Chairman, I have been trying to study the wording of the amendment passed a few moments ago in order to see whether the point the hon. member for Comox-Alberni has in mind is covered and I am not sure that it is covered. As I understand it, the point he is concerned about is a situation where one union is on strike and has a picket line and there is another group of men who may be working on the other side of that picket line and who are not on strike, but where some members of the union which is not on strike do not wish to cross the picket line of the other union. I may not have described too precisely the point the hon. member for Comox-Alberni has in mind but I am suggesting that the minister agree to discuss the matter privately with the hon. member and if they agree the clause might be reopened at some future sitting.

Mr. Garson: I think I would rather that the question be voted on now, because I do not want to disturb the section we have at the present time. We have gone to a great deal of trouble in getting to it and I do not think we should disturb it.

Mr. Knowles: All right; call the vote.

The Chairman: Is the committee ready for the question?

Some hon. Members: Question.

Amendment negatived: Yeas, 10; nays, 52.

The Chairman: Shall the clause as amended carry?

Mr. Knowles: On division.

The Chairman: Carried on division.

Clause as amended agreed to on division.

On clause 372—*Mischief.*

Mr. Fulton: I understand that the minister has an amendment.

Mr. Garson: Yes; I have an amendment. The amendment would be as follows:

That subclause (6) of clause 372 be amended by deleting the word "or" at the end of paragraph (a) and inserting a comma and the word "or" at the end of paragraph (b), and by adding, immediately after paragraph (b), the following paragraph:

"(c) he stops work as a result of his taking part in a combination of workmen or employees for their own reasonable protection as workmen or employees."

That is the same subclause that was moved a moment ago in connection with clause 52. That clause dealt with sabotage. This clause deals with mischief. I would ask my colleague the Minister of Fisheries to move the amendment.

Mr. Sinclair: I so move.

The Chairman: Shall the amendment carry?

Mr. Fulton: I take it that the minister intends to bring in the same amendment to subsection 7 as that which he brought in in connection with subsection 4 of section 52?

Mr. Garson: Yes; I intend to do that.

Mr. Fulton: In that case I will not say anything at this stage until after the two amendments have been disposed of; but I would not want our silence on this point to be taken as indicating that we approve of the section as a whole. I think that these amendments will improve it. I am therefore prepared to see them go through, and will make my remarks after they have been dealt with.

Mr. Garson: Perhaps I had better indicate the other amendment now so that everyone will know what it is he is voting on. The amendment reads as follows:

That subclause (7) of clause 372 be amended by deleting the words "having stopped work in the circumstances set out in subsection (6)" where they appear in lines 16 and 17 on page 126.

These amendments also have the approval of the three congresses and the Toronto board of trade. I would ask my colleague the Minister of Fisheries to move this amendment.

Mr. Sinclair: I so move.

The Chairman: Shall the amendment carry?

Mr. Knowles: As the hon. member for Kamloops has pointed out, may I just say that although there are some fundamental aspects of this whole clause that we dislike, nevertheless both of these amendments make slight improvements. Without prejudice to our opposition to the clause as a whole, we support the two amendments.

The Chairman: Shall these amendments carry?

Amendments agreed to.

The Chairman: Shall clause 372 as amended carry?

Mr. Fulton: No, Mr. Chairman. On clause 372 as now amended, may I say this: From looking at the explanatory notes on the right-hand page, it is obvious that this clause is a consolidation of fifteen separate clauses in the code as it now stands. It must be admitted that the job of the commission which first sat on this thing was to do the work of consolidation; but here I think they have bitten off rather more than any commission, however expert, could chew. The widely varied types of offences covered in those original fifteen clauses, with the widely different penalties prescribed for each different clause, were such that it is impossible to consolidate all these matters and cover them adequately in one section without getting a sort of porridge; and that is what we have here. May I say that it is not a very tasty porridge either; they have left out the salt. It is rather bad legislation.

I made some notes on a comparison of what is now in one section with what was previously in the previous sections. Section 96 prescribed a penalty of life imprisonment. Perhaps I should first have said that the main objection, in view of the fact that here you have a whole vast field of offences consolidated into one section, is that the penalties, since they have to be commensurate with the most serious of those offences, have therefore to contemplate life imprisonment. This section covers anything from life imprisonment down to imprisonment for a term of five years. The fact is that the wide variety of offences covered is such that, in my opinion, it is not capable of being dealt with in that way by a sort of broad general scope of penalties of that kind. The result is that some things which previously carried only minor penalties may now carry penalties of five years or even fourteen years. That is the sort of result you are bound to get when you make such a hodge-podge clause as is found here.

The meaning of these remarks will be clearer, I think, if we take a look at what was done by the old sections which are now consolidated. Under section 96 it is true there was a penalty of life imprisonment, but the act had to be a riotous or tumultuous assembly. There had to be riotous destruction of property before you would get life imprisonment. Then again in section 97 it is true there was a maximum penalty of seven years. But again there had to be riotous damage of property. There was a real offence there. It was not damage done accidentally. There had to be an element of riot, and in the first place, as I have pointed out, there had to be actual obstruction.

The next section is 238 (h), which was one of the subsections covering the offence of vagrancy in the old code, and the only penalty for it was one imposed by means of summary conviction, being a maximum of $50 or six months, or both. Under the clause in the bill you have the possibility of five years imprisonment or fourteen years or even imprisonment for life. The old section, where the maximum was $50 or six months, is now included in a section where the maximum is five years.

Then we come to section 510 in the old code. It is true that the penalty there was imprisonment for life, but there had to be danger to life, and the types of offences covered by that section were spelled out in four specific subsections, each defining a specific offence with great particularity, none of which is present in this general porridge of a section that we now have before us.

Under another subsection of section 510 it was possible that a person could get a term of imprisonment for fourteen years, but this penalty only followed if there had been substantial damage to substantial property creating danger, such things as interfering with or removing or destroying navigation marks, thus endangering the safety of vessels and the lives of those aboard them. Again, this type of specific offence and the specific penalty provided were carefully and fully spelled out in two subsections.

Then there was a further subsection providing a penalty of seven years, but again for substantial damage, and here with the greatest particularity the types of offences were spelled out in ten further separate subsections of old section 510. Then there was another class of offence which might carry a penalty of five years. These were spelled out again with great particularity in five subsections, and then there was one general subsection at the end of 510 providing a maximum of two years for all other cases of damage to property.

Section 516B of the old code again was a specific offence carefully defined and with a maximum penalty of one year and/or a fine of $500 provided. Here again we have the maximum penalty raised from one year to a possibility of five years.

Taking section 517 of the old code, there is a possible penalty of five years in the case of a person who causes danger to valuable property, or life imprisonment in the case of a person causing such danger with intent. But again six specific offences are spelled out in six specific subsections. Section 518 admittedly was only one section creating a specific offence. Section 519 contained two specific and clearly defined offences in two subsections. Section 520 had five subsections and section 521 two subsections.

Mr. Garson: Will the hon. member permit a question? What advantages does my hon. friend claim for all this specification of a number of detailed offences?

Mr. Fulton: I will come to that when I have finished making the comparison between what was contained in the old code and what we have in the bill. Section 522 of the old code contained three separate and clearly defined offences in three subsections. Sections 533, 534 and 535 had one section each.

We now have in clause 372 of the bill an attempt to consolidate the law contained in fifteen separate sections, those fifteen separate sections in turn containing forty-seven separate provisions by way of subsections or subsubsections. The importance of that is that here you are dealing with a great variety of types of damage to property constituting an offence against criminal law. Under the code as it now exists it was felt that different types of damage, carrying with them different degrees, if you like, or irresponsibility, should carry different degrees of penalty, and that not only, therefore, should the offence itself and the property with respect to which it was committed be defined and spelled out carefully and clearly but the penalty for that particular action should also be spelled out distinctly, with a separate penalty for each separate offence.

Mr. Garson: The maximum penalty in each case.

Mr. Fulton: No. In some cases it was a specific penalty without any alternative. In many of these cases the penalties were very much less than the possible penalties provided here. As I have said, in one case the only penalty that could be imposed was six months or a fine of $50 as a maximum. Here there is in every case at least the possibility of five years imprisonment. As I see it, it just is not sound law because, notwithstanding what the minister has said on other occasions, it is our view of the criminal law that it is not necessarily poor legislation to have a number of subsections or a considerable number of words defining an offence. In fact we believe the soundest approach is to spell out each particular offence and provide for that offence a particular penalty. It is an important and undisputed maxim of the law that ignorance is no excuse and it is only fair to provide for all our people the opportunity of knowing that if they follow a certain course of action they will incur a certain penalty and not leave a penalty of a vague and undetermined nature so that a certain course of action in one province may result in one penalty to a certain party and in another province exactly the same course of action may result in a penalty very much less severe. Indeed, not only in different provinces may that difference arise but in different judicial districts.

That does not seem to me to be a sound basis upon which to set out your criminal law. It is for these reasons that we are opposed to this section. It will be obvious to the committee that a section consolidating fifteen old sections and forty-seven separate subsections is not capable of intelligent amendment here to meet the objections which we have in mind. Otherwise I would have drafted such an amendment. But it seems to

me that the only thing that it is feasible to do is to go back to the old fifteen previous sections. We cannot achieve that by any amendment that I can draft. Therefore our only course is to oppose the section which, if we were successful, would have the effect of having it deleted and thus forcing the government to re-enact the fifteen former sections. That is the course we propose to follow.

Clause stands.

Progress reported.

BUSINESS OF THE HOUSE

Mr. MacInnis: I wonder whether we can be told what will be the business for tomorrow?

Mr. Garson: We will go on with the code. When that has been finished we will take estimates in the following order: public works, northern affairs and national resources, national defence and fisheries.

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

HOUSE OF COMMONS

Thursday, April 8, 1954

The house met at 2.30 p.m.

BANKING AND COMMERCE

SIXTH REPORT OF STANDING COMMITTEE

Mr. David A. Croll (Spadina) presented the sixth report of the standing committee on banking and commerce.

Mr. Speaker: Is it the intention of the hon. member to move concurrence in this report this day?

Mr. Croll: No, Mr. Speaker.

Mr. Speaker: Shall the deputy clerk dispense with the reading of this report? It appears to be a rather lengthy one.

Some hon. Members: Agreed.

CONTINENTAL DEFENCE

JOINT ANNOUNCEMENT BY CANADA AND UNITED STATES

Hon. Brooke Claxton (Minister of National Defence): Mr. Speaker, I have here a joint announcement by the governments of Canada and the United States with regard to continental defence. If I might have the permission of the house to do so, I would ask leave to table it and would ask that it be printed as an appendix to *Votes and Proceedings*, as I understand has been the practice in the past.

Mr. Speaker: Is it agreed?

Some hon. Members: Agreed.

INQUIRY FOR RETURN

ADULTERATED BUTTER

Hon. J. W. Pickersgill (Secretary of State): The day before yesterday, Mr. Speaker, the hon. member for Winnipeg North Centre inquired about a return which was passed on March 3. The first part of this return made the following request:

Have any persons or companies been prosecuted, at any time since July 1, 1952, on charges of mixing butter with margarine?

The correct answer to that question would be no, but the government feels that it would be misleading to give that answer. I have spoken to the hon. member and if the house would agree to having the order amended to read "with vegetable oils" instead of "with margarine", a return could probably be made on Monday.

Mr. Speaker: Is it agreed?

Mr. Knowles: I would not want to split hairs over a pound of butter, Mr. Speaker. I am sure we will agree.

Mr. Speaker: Agreed.

REPRESENTATION ACT

AMENDMENT SUBSTITUTING "SWIFT CURRENT-MAPLE CREEK" FOR "SWIFT CURRENT"

Mr. J. H. Harrison (for Mr. Studer) moved for leave to introduce Bill No. 420, to amend the Representation Act.

Some hon. Members: Explain.

Mr. Harrison: I think the explanation is to be found right in the bill itself.

Mr. Speaker: Is the motion agreed to?

Some hon. Members: No.

Mr. Speaker: I hear some hon. members say "no".

Hon. J. W. Pickersgill (Secretary of State): Mr. Speaker, perhaps I should say a word in explanation. The hon. member who is sponsoring this bill spoke to me about it. It is to correct an error that was made in connection with the revised statutes with regard to the name of the constituency of Swift Current-Maple Creek. The name was changed at the last session but only for the statute itself and not in the revised statutes. It is simply a correction of an omission.

Motion agreed to and bill read the first time.

QUESTIONS

DOMINION-PROVINCIAL CONFERENCE— FURTHER DISCUSSIONS

Mr. Fulton:

In connection with the dominion-provincial constitutional conference:

1. Since the conference last met in 1950, have any invitations been issued by the dominion government or by the chairman of the continuing committee to the provincial governments or any of them, or to their representatives thereon, to hold further discussions of any nature?

2. If so, to whom and with what result?

3. Have there been received any suggestions or expressions of opinion, formal or informal, from any

of the provincial governments or their representatives either (a) that it would not be profitable to hold further discussions of any sort; or (b) to any other effect?

4. If so, from which governments and to what effect?

Mr. Garson:

1. No.

2. See answer to No. 1.

3. Yes.

4. Inquiry from the premier of Alberta in July, 1951, and from the premier of Saskatchewan in August, 1951, as to possible reconvening of federal-provincial conference on constitutional amendment.

C.B.C.—MOTOR VEHICLES

Mr. Thatcher:

1. How many motor vehicles are owned by the Canadian Broadcasting Corporation?

2. What mileage did these vehicles register in the fiscal year ending March 31, 1953?

3. In the same period, what was their total cost of operation?

4. Are any employees of the Canadian Broadcasting Corporation permitted to use these vehicles for personal reasons?

5. If so, what system is used to recover operating costs, including depreciation, in such cases?

6. Are any employees of the Canadian Broadcasting Corporation permitted to take corporation-owned vehicles home at night?

Mr. McCann:

1. Twenty six.

2. 163,501 miles.

3. $11,182.63.

4. No.

5. See answer to No. 4.

6. Only with specific permission on special late night or early morning assignments.

NATO—TRAINEES FROM OUTSIDE CANADA

Mr. Knowles:

1. Since the establishment of NATO, how many persons from countries other than Canada have received or are now receiving training in Canada under the provisions of any NATO agreements or arrangements?

2. From what countries have such persons come, how many in each case, and how many in each year, since the establishment of NATO?

3. What is the total amount spent to date for the training of such persons, including transportation, maintenance or any other costs met by Canada?

Mr. Blanchette:

1. Since the establishment of NATO to the end of February, 1954, 2,682 aircrew from countries other than Canada have been trained; 950 are at present training under the NATO air training plan.

2. (a) Numbers trained by country and year to February 28, 1954:

	England	Belgium	France	Italy	Holland	Norway	Denmark	Total
1951	74	14	44	17	8	15	....	172
1952	884	55	147	18	6	2	11	1,123
1953	875	32	305	1	19	....	22	1,254
1954	108	....	16	....	1	....	8	133
	1,941	101	512	36	34	17	41	2,682

2. (b)

Numbers in training by country as at February 28, 1954:

England	412
Belgium	6
France	332
Italy	39
Holland	53
Norway	26
Denmark	39
Portugal	25
Turkey	18
	950

3. It is estimated that expenditures of the NATO air training plan totalled $228,179,898 as at March 31, 1954.

[Mr. Fulton.]

DOMINION-PROVINCIAL CONFERENCE—CONTINUING COMMITTEE

Mr. Fulton:

1. Did the dominion-provincial constitutional conference, prior to its adjournment in 1950, appoint a continuing committee of provincial attorneys general and the dominion justice minister?

2. Was the Minister of Justice to be chairman of that committee and was that appointment or arrangement ever revoked?

3. Has this committee ever been dissolved?

4. How many meetings has it held since 1950?

Mr. Garson:

1. Yes.

2. Yes. The Minister of Justice was appointed chairman of the committee and the appointment has not been revoked.

3. No.

4. None.

C.N.R.—EXTRA CONSTRUCTION GANGS

Mr. Leboe:

1. Does the Canadian National Railways contract with construction companies or any person or persons for the supervision of extra gangs?
2. If so, are tenders called for?
3. On what basis are they paid for this service?
4. Are dining facilities under this supervision? If so, what is paid for this supervision?

Mr. Langlois (Gaspe): The Canadian National Railways advise as follows:

1. Supervision of all extra gangs is by qualified railway employees.

2 and 3. Answered by No. 1.

4. Supervision of dining facilities is by qualified railway employees.

ARMED FORCES—TOTAL STRENGTH

Mr. Jones:

1. What was the total strength of Canada's armed forces on April 1, 1954?
2. What was the number recruited in the months of January, February and March?

Mr. Blanchette:

1. Strength figures for March will not be available until the middle of April. Strength of Canadian armed forces on February 28, 1954, was 111,197.

2. January, 2,911; February, 3,155.

QUESTION PASSED AS ORDER FOR RETURN

GOVERNMENT MEAT PURCHASES

Mr. Howe (Wellington-Huron):

1. What were the quantities, value and grade of meat products purchased by (a) Department of National Defence; (b) other government departments, in each of the years 1952 and 1953, and each of the months January and February, 1954?
2. From whom were the purchases made, indicating quantity and price?
3. Were all purchases by tender and if not, indicate purchases other than by tender?

Mr. Pickersgill: Mr. Speaker, if the hon. gentleman would consent to having this question read "meat" instead of "meat products" it would facilitate the answer. There might be meat products which had very little meat in them.

Mr. Knowles: Like pork and beans.

Mr. Pickersgill: There is another point that perhaps ought to be made.

It is assumed it is not intended to include meat bought by the agricultural prices support board during the foot-and-mouth disease emergency. With these amendments, it can be an order for return.

Mr. Speaker: Order for return.

Inquiries of the Ministry

TRANS-CANADA AIR LINES

STATEMENT ON CRASH AT MOOSE JAW

On the orders of the day:

Mr. Howard C. Green (Vancouver-Quadra): Mr. Speaker, can the Minister of Trade and Commerce give the house any information concerning the tragic accident involving Trans-Canada Air Lines this morning?

Right Hon. C. D. Howe (Minister of Trade and Commerce): I am very sorry indeed to have to report to the house that a Trans-Canada Air Lines plane westbound from Winnipeg to Calgary was in collision with a Harvard trainer over Moose Jaw an hour or two ago. Both planes crashed and all occupants of both planes were killed. The report I have from Winnipeg indicates that there were 26 revenue passengers on the North Star, although another report from Winnipeg indicates 30 passengers. In addition, there were five personnel of T.C.A. and the aeroplane crew of four. I am told there were two persons in the Harvard trainer. One plane fell on a house in the outskirts of Moose Jaw and I believe the house was burned. I have not been able to ascertain whether there were any ground casualties. The other plane fell on the golf club. That is all the information I have at the moment. It is more tragic since I believe this is only the third fatal accident on T.C.A. since 1937.

LABOUR CONDITIONS

EMPLOYMENT OF CANADIANS ON PIPE LINE FROM HAINES TO FAIRBANKS

On the orders of the day:

Mr. Elmore Philpott (Vancouver South): I should like to address the following question to the Minister of Labour. What steps is the government taking to ensure the maximum number of jobs for Canadians on the pipe line from Haines to Fairbanks, Alaska, which crosses through 265 miles of Canadian territory?

Hon. Milton F. Gregg (Minister of Labour): I thank the hon. member for sending me notice of his question. A number of other members from British Columbia have asked me about this matter in private correspondence, so perhaps I might answer them all. The pipe line in question will commence at Haines, Alaska, and end at Fairbanks, and will cut through approximately 265 miles of Canadian territory. The Marwell Construction Company apparently will construct the pumping stations and Williams Brothers of Butte, Montana, will lay the pipe line.

Inquiries of the Ministry

At the present time the right of way is being cleared and, as far as Canadian territory is concerned, two contractors from Whitehorse are now engaged, and local labour is being employed. Welding processes in the pipeline construction will be done by skilled men from the United States and all other employees on the Canadian part of the project will be Canadians. We have an arrangement with the department of immigration not to permit the entry into Canada, for purposes of the project, of any people other than key personnel. Our British Columbia regional office officials are watching the matter and will see that whatever employment opportunities there are will be filled by Canadians. I understand that bunkhouses will shortly be constructed at four sites, two in the Yukon and two in Alaska. There again Canadian workmen will be employed in the Yukon area.

Mr. Cameron (Nanaimo): What reasons have been given for employing American welders on that job rather than Canadian welders? We have many competent welders in British Columbia who passed a specific examination for that type of work when the Trans Mountain pipe line was being constructed.

Mr. Gregg: I feel that on the whole the arrangement that has been worked out with the contractors by the regional unemployment office in British Columbia is a very equitable one indeed, and since both terminals of the pipe line are in United States territory I think the fact that a few welders are to be used in the Canadian section is not unfair.

PUBLIC BUILDINGS

HALIFAX—COMPLETION OF PLANS AND CALLING FOR TENDERS

On the orders of the day:

Mr. S. R. Balcom (Halifax): May I inquire of the Minister of Public Works regarding the present status of the proposed public building in Halifax? Are the plans completed, and when will tenders be called?

Hon. Robert H. Winters (Minister of Public Works): The plans are nearing completion and we expect to be able to call for tenders by the 15th of June.

[*Later:*]

INQUIRY AS TO BUILDINGS IN PETERBOROUGH

On the orders of the day:

Mr. G. K. Fraser (Peterborough): I should like to address a question to the Minister of Trade and Commerce under whose department Crown Assets Disposal Corporation is administered. Has the government sold the old stone customs house building at the corner of George and Charlotte streets in Peterborough? If so, to whom was it sold?

Right Hon. C. D. Howe (Minister of Trade and Commerce): I have made inquiries of Crown Assets Disposal Corporation. I am told that this building has not been declared surplus, and it was the opinion of the officer with whom I discussed the matter that it is not likely to be declared surplus.

[*Later:*]

Mr. Fraser (Peterborough): I should like to ask a supplementary question. Since the minister mentioned that the building in Peterborough is not likely to be sold, can he tell us what department of government is going to use it?

Mr. Howe (Port Arthur): I did not understand the last part of the question.

Mr. Fraser (Peterborough): If the building is not going to be sold by the government, then some department is going to occupy it when the new federal building is completed?

Mr. Howe (Port Arthur): I would assume the Department of Public Works has a purpose for the building which is of sufficient importance to lead to the conclusion that the government should retain it.

Mr. Fraser (Peterborough): I should like to ask the Minister of Public Works the question, then. Can he say what use will be made of the old customs house building?

Hon. Robert H. Winters (Minister of Public Works): May I take that question as notice?

Mr. Fraser (Peterborough): In checking on that, will the minister also check on the old post office building in Peterborough?

EXTERNAL AFFAIRS

INDO-CHINA—UNITED STATES PROPOSAL TO ISSUE WARNING TO GOVERNMENT OF CHINA

On the orders of the day:

Mr. Donald M. Fleming (Eglinton): May I direct a question to the Secretary of State for External Affairs. What is the position of the Canadian government with reference to the proposal of President Eisenhower and Mr. Dulles that certain western nations should join together in issuing a warning to the government of China with respect to Indo-China and armed participation in the hostilities there? What communications has the Canadian government received or sent on this subject?

Hon. L. B. Pearson (Secretary of State for External Affairs): We have not been invited to join in any such warning, and we are making inquiries in Washington in order to ascertain, if possible, the nature of any proposal that the United States may have in this regard.

REPORTED ATTEMPTS TO SELL RED CHINA BONDS

On the orders of the day:

Mr. Howard C. Green (Vancouver-Quadra): I should like to direct a question to the Secretary of State for External Affairs. Will the minister have an investigation made in Vancouver with respect to whether attempts are being made there to sell red China government bonds to Canadians of Chinese origin and, if so, whether threats of retaliation against relatives in China are being made in connection with attempts to sell the bonds?

Hon. L. B. Pearson (Secretary of State for External Affairs): I will be glad to look into the matter. Meanwhile, if the hon. member has any information concerning this matter I would be grateful if he would make it available to us.

Mr. Green: I have a press report here which I would be glad to give the minister.

UNEMPLOYMENT INSURANCE

INVESTIGATION BY COMMISSION CONCERNING LOST TIME

On the orders of the day:

Hon. Milton F. Gregg (Minister of Labour): I should like to refer to the question raised by the hon. member for Ontario on April 1 and a similar question asked by the hon. member for Oxford on March 24, the answer to which appears at page 3322 of *Hansard* of March 25. I have not yet received any final report from the commission on this point.

REQUEST FOR EXTENSION OF SUPPLEMENTARY BENEFITS

On the orders of the day:

Hon. Milton F. Gregg (Minister of Labour): I should like to answer the question asked yesterday in my absence by the hon. member for Hamilton West. It is to be found at page 3855 of *Hansard* and reads as follows:

> I should like to direct a question to the Minister of Labour or whoever is acting for him. Will the acting minister say whether consideration is being given by the unemployment insurance commission to the extension of the period for the payment of supplementary benefits beyond April 15?

The government is not considering any action at this time to alter the date fixed by parliament two years ago for the termination of these special seasonal benefits.

[*Later:*]

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, may I direct a question to the Minister of Labour supplementary to the one he answered a moment ago in reply to the hon. member for Hamilton West? Can the minister answer the question, notice of which I sent him yesterday, arising out of a report in yesterday's Montreal *Gazette* concerning 6,000 unemployed persons in Montreal whose supplementary unemployment insurance benefits will expire on April 15? Can the minister say how many persons there are in that same position, by provinces?

Mr. Gregg: The number of persons who were paid supplementary benefits during the last week of March, 1954, which is the last week on record, is as follows:

Area	Number
Newfoundland, Prince Edward Island, New Brunswick and Nova Scotia	9,816
Quebec	26,334
Ontario (east of lakehead)	19,034
Western Ontario, Manitoba, Saskatchewan and Alberta	11,561
British Columbia	8,249
	74,994

The house will note, of course, that these totals correspond with the five regional administrative areas of the commission. The same information is not yet available broken down by provinces. No information is available as to the number included in the above who will exhaust their supplementary benefits between April 3 and April 15, and the number who will be paid up to and including April 15. It should be pointed out that, as benefits are paid in arrears, those who have entitlement up to April 15 will receive their last week's benefit during the week ending April 24.

With regard to the city of Montreal, there were 6,168 persons paid supplementary benefits during the last week in March. The port of Montreal is now open and a construction program is getting under way, so we feel sure that these activities will absorb a substantial number of workers.

Mr. Knowles: Is it understood, then, that those persons, totalling nearly 75,000, will all be without any unemployment insurance benefit after April 15 or after April 24?

Mr. Gregg: Yes, Mr. Speaker, if they are up to then in receipt of supplementary benefits.

Inquiries of the Ministry

Mr. Knowles: Is that not something the government should do something about?

FERRY SERVICE

NORTH SYDNEY-PORT AUX BASQUES—COMMENCEMENT OF OPERATIONS

On the orders of the day:

Mr. W. M. Buchanan (Cape Breton North and Victoria): I should like to direct a question to the Minister of Transport. I wish to inquire as to when the new ferry to run between North Sydney, Nova Scotia, and Port aux Basques, Newfoundland, will commence its scheduled run?

Mr. L. Langlois (Parliamentary Assistant to the Minister of Transport): I received no previous notice of this question. As my hon. friend knows, this ship is being built at the present time, and I will ascertain the date when it is due to commence its scheduled sailings and report to the house later.

POTATOES

REQUEST THAT SEASONAL DUTY DATE BE ADVANCED

On the orders of the day:

Mr. F. G. J. Hahn (New Westminster): Would the Minister of National Revenue consider moving the seasonal duty date on United States potatoes forward from June 15 to June 1, with the present six-week protective period still to apply, and so give the early potato growers protection by having the markets cleared of the vast quantities of United States potatoes that get to our market by beating the present tariff date deadline?

Hon. J. J. McCann (Minister of National Revenue): I thank the hon. member for having given me notice of this question. The answer is that this date cannot be changed because it is in the statute and is item 83 of the Customs Tariff. It is bound by GATT and could only be changed by international agreement and by subsequent amendment to the statute.

BRIDGES

BURLINGTON CANAL—PROPORTION OF COST TO BE PAID BY FEDERAL GOVERNMENT

On the orders of the day:

Mr. R. E. Reinke (Hamilton South): I should like to direct a question to the Minister of Public Works. Can the minister say whether the federal government has decided to share with the Ontario government the cost of the proposed highway bridge over the Burlington canal? If so, can he say what the total cost will be and to what extent the federal government will participate?

[Mr. Gregg.]

Hon. Robert H. Winters (Minister of Public Works): Mr. Speaker, the Ontario government has not yet submitted detailed plans or estimates of cost. We have, however, been told that on the basis of preliminary estimates the proposed high level bridge will cost approximately $13,300,000.

This problem is primarily one of facilitating highway traffic, but since the canal over which the bridge is to be built is a federal structure we have informed the Ontario government we are prepared to participate up to one-third of the cost of the bridge, on the understanding that Ontario will assume full responsibility for highway traffic over the canal, thereby enabling the federal government, in the interests of navigation, to remove the low level bridge it maintains at the present time.

CANADIAN NATIONAL RAILWAYS

PALMERSTON-SOUTHAMPTON BRANCH LINE

On the orders of the day:

Mr. W. M. Howe (Wellington-Huron): I should like to direct a question to the Minister of Transport or in his absence to his parliamentary assistant. Is he in a position to make a statement concerning the rumoured intention of the Canadian National Railways, as published in the press, to make changes in the Palmerston-Southampton branch line, and if so what are these changes?

Mr. L. Langlois (Parliamentary Assistant to the Minister of Transport): In the absence of the minister on official business, may I say that I received a copy of this question shortly before the lunch hour. I have been unable to obtain the necessary information from the management of the railway company, so I am taking this question as notice.

CRIMINAL CODE

REVISION AND AMENDMENT OF EXISTING STATUTE

The house resumed, from Wednesday, April 7, consideration in committee of Bill No. 7, respecting the criminal law—Mr. Garson—Mr. Robinson (Simcoe East) in the chair.

The Chairman: When the committee rose yesterday we were discussing clause 372.

On clause 372—*Destruction or damage.*

Mr. MacInnis: I should like to say a few words in connection with this clause. I listened rather attentively to the hon. member for Kamloops when he spoke on this clause just before the adjournment yesterday afternoon. In his criticism of this clause

the hon. member made approximately the same criticism as was made by the delegation from the Canadian Congress of Labour in the brief they submitted to the parliamentary committee at the last session.

The Chairman: Order. The hon. member for Vancouver-Kingsway has a very fine voice, but he cannot possibly compete with all the other members of the committee. I must ask other members to maintain silence while the hon. member is speaking.

Mr. MacInnis: I thank you for those kind words. I have often heard my voice described as loud, but never before as fine. I am not suggesting the hon. member for Kamloops is not capable of making his own analysis, but I was interested to note how closely it paralleled some of the criticisms made by the Canadian Congress of Labour.

Mr. Fulton: The criticisms were probably prepared by another good lawyer.

Mr. MacInnis: I do not believe they were. They might have had a lawyer's advice, but the criticisms were prepared by a professor, I believe. The submission made by the Canadian Congress of Labour last year to the parliamentary committee, one which I believe might be considered the best submission made to that committee, covered six pages of printed matter. The importance which they gave to section 372 is indicated by the fact that more than two of the six pages are given over to an analysis and criticism of this clause in the new bill. Perhaps I could not do better than quote briefly from the submission to show what the Canadian Congress of Labour thinks about what has been done to the sections dealing with mischief. They say:

> Section 372 (mischief)
>
> This is appropriately named: it is one of the most mischievous sections of the whole bill. With section 373 (which limits the scope of 372 in cases where actual danger to life is not involved, or where the destruction of, or damage to, property is not more than fifty dollars), it purports to consolidate or condense no less than sixteen sections and part of a seventeenth in the present code, many of them long and elaborate. All the present sections are specific; the new section 372 is general and sweeping, vague and ambiguous. In the attempt to cover a multitude of sins in a few lines, the drafters have exposed the individual to impossible hazards.

That criticism is well merited in this instance. Then, later in the submission they say:

> When parliament intends to make certain conduct punishable, and *a fortiori* when it imposes heavy penalties, it should state clearly and specifically which acts or omissions involve criminality.

This, they insist, is not done in the present clause. And, to quote again:

> The attempt to condense over 250 lines of the present code, covering well over fifty distinct and widely differing offences, with a great variety of penalties, into 44 lines and seven blanket offences, with four different penalties, is bound to mean the use of general and vague language which can only lead to abuse of parliament's intention.

Their concluding paragraph is brief and to the point:

> This whole section 372 is vicious, and should be dropped. The sections of the present code which it purports to replace may need some amendment, notably in respect to penalties, but their general effect is satisfactory, and, subject to necessary amendments, they should be retained.

I presume that in revising and consolidating the Criminal Code the purpose was to bring it more into accord with conditions in this country as we have them today. I do not believe it was the intention, or that it should have been the intention, to replace clarity with obscurity. That is what is done in the clause now before us.

The Chairman: Shall the clause as amended carry?

Some hon. Members: No.

The Chairman: On division.

Mr. MacInnis: No.

Mr. Knowles: On division.

Clause as amended agreed to on division.

On clause 373—*Damage not more than fifty dollars.*

The Chairman: Shall the clause carry?

Mr. Fulton: On division.

Clause agreed to on division.

On clause 365—*Criminal breach of contract.*

Mr. Fulton: Perhaps the minister would describe the general effect of the amendments before he moves them—that is, if there are more than one.

Mr. Garson: I think the wording of the amendment will be self-explanatory. However, if a further explanation is required, I shall give it.

Mr. Fulton: Is there only one?

Mr. Garson: Yes, just one.

Mr. Fulton: I thought probably there would be two.

Mr. Garson: If hon. members will look at clause 365, and follow the amendment I am about to offer, I think it will be easier for them to understand what the amendment does. The amendment is—

> That subclause (2) of clause 365 be deleted and the following substituted therefor:

Then, in subclause 2, paragraphs (a) and (b) will be the same; but instead of the last three lines—

—if, before the stoppage of work occurs, all steps provided by law have been taken through negotiation, collective bargaining, conciliation and arbitration—

The following words will be substituted:

—if, before the stoppage of work occurs, all steps provided by law with respect to the settlement of industrial disputes are taken and any provision for the final settlement of differences, without stoppage of work, contained in or by law deemed to be contained in a collective agreement is complied with and effect given thereto.

I would ask my colleague the Minister of Public Works to move this.

Mr. Winters: I move:

That subclause (2) of clause 365 be deleted and the following substituted therefor:

"(2) No person wilfully breaks a contract within the meaning of subsection (1) by reason only that

(a) being the employee of an employer, he stops work as a result of the failure of his employer and himself to agree upon any matter relating to his employment, or,

(b) being a member of an organization of employees formed for the purpose of regulating relations between employers and employees, he stops work as a result of the failure of the employer and a bargaining agent acting on behalf of the organization to agree upon any matter relating to the employment of members of the organization,

if, before the stoppage of work occurs, all steps provided by law with respect to the settlement of industrial disputes are taken and any provision for the final settlement of differences, without stoppage of work, contained in or by law deemed to be contained in a collective agreement is complied with and effect given thereto.

Mr. Fulton: I am not very happy about this amendment, in so far as it might be an attempt to meet the well-reasoned opinions of some of the labour organizations. That is to say, I do not think that it does meet their objectives in full. If the minister would tell us whether this has been worked out and agreed upon as being fully satisfactory to the labour organizations it might help us to clear our thinking. As I see it, however, I would be inclined to think that it would not be satisfactory.

Mr. Garson: Perhaps I had better state the position of the various labour congresses. The Trades and Labour Congress are wholly in favour of the amendment. The Canadian Congress of Labour's position I think I shall state by reading a letter from the secretary-treasurer to myself, dated at Ottawa, April 5, 1954. It reads as follows:

Pursuant to the meeting which was held in your office last Friday, April 2, I wish to advise that the Canadian Congress of Labour has given careful consideration to the provisions of section 365 as it appears in Bill No. 7. You have provided us with a redraft of subsection 2 of section 365—

[Mr. Garson.]

That is a redraft of subsection 2 that has been moved in amendment. I continue:

—and you have also provided us with what purports to be a redraft of section 521 of the Criminal Code of 1892, as it existed prior to the revision of 1906.

Perhaps I may interject there the significance of that sentence. Is my hon. friend aware what happened there?

Mr. Fulton: Yes.

Mr. Garson: All right, I will go on:

You have asked me to indicate the wishes of the Canadian Congress of Labour in order of preference.

The reason we asked for the wishes in the order of preference was this: We were trying to get a clause in respect of which the maximum amount of agreement amongst the labour congresses might be achieved. And inasmuch as there was no agreement on the clauses we asked for an order of preference so that we might make an effort to meet that order of preference, if it were possible to do so. I go on with the quotation from the letter:

The position of the Canadian Congress of Labour in our order of preference is as follows:

(1) There should not be any legislation pertaining to a criminal breach of contract. The reasons for this position have already been advanced to you.

(2) If there must be such legislation, then we would suggest the implementation of section 365 as it presently appears in Bill 7 without the saving clause which appears at the end of subsection 2, commencing with the words: "if, before the stoppage of work occurs—"

(3) If the government persists in having such a saving clause as aforesaid, then the Canadian Congress of Labour would suggest implementation of section 365 as it appears in Bill 7 or as worded in the redraft supplied to me on Friday.

That is the redraft that has been moved in amendment just a moment ago.

(4) The Canadian Congress of Labour sees no merit in reintroducing the old section 521.

The Canadian and Catholic Confederation of Labour agrees with the Canadian Congress of Labour with regard to suggestions (1) and (2) and expresses no opinion with regard to (3) and (4).

Mr. Fulton: Mr. Chairman, it is not easy, when we are faced with an amendment on short notice, as we are here, and are told that the congresses have given it even the rather cautious approval they have, to enter into an argument in detail, but I still have reservations with regard to this change which, as it appears from the text of the amendment, affects only the last three lines of the saving clause. The reason I have these reservations is that it must be admitted that in so far as the present criminal law is concerned, this introduces a new element, an element

which, at any rate, has not been in it since 1906, if indeed it was there before that time. That is why this making a breach of a contract as between an employer and an employee the subject of criminal law in a manner in which it was never previously—

Mr. Garson: My hon. friend is quite wrong. It was back as far as 1875 that the English analogue of this legislation was passed with the approval at that time of employers and employees in England; and it was in 1877 that the substance of this English legislation that we are discussing was passed in Canada. That was carried on, in fact, in the Canadian Criminal Code of 1892 and has been the law of Canada therefore continuously from 1877 until the present time.

Mr. Fulton: Not since 1906.

Mr. Garson: Yes, since 1906, as regards the first three items: "(a) to endanger human life, (b) to cause serious bodily injury, (c) to expose valuable property, real or personal, to destruction or serious injury".

Mr. Fulton: Yes; I should have said it is new since 1906 with respect to subparagraphs (d) and (e) of clause 365.

Mr. Garson: That is right. But my hon. friend would not be completely accurate if he just dropped his statement there. The reason that this section 365 was not effectively operative with regard to utilities and railways as from 1906 was not through any absence of parliamentary intention but because in the revision which took place in 1906, purely through a draftsman's error, which is quite obvious to one who reads the section, it was so drafted that it was not practically enforceable. If hon. members are interested at all, I could go into the minutiae of the reasons for that. They are technical reasons but I have not found anyone yet, even those who are quite strongly opposed to the clause as a whole, who is prepared to argue that the ineffectiveness of the section as from 1906, in its application to utilities and railways was the result of deliberate policy, or anything else than the result of a draftsman's blunder.

Mr. Fulton: The point there is this. It is perhaps not very material except to this extent, that while that may have been the reason, the fact is that since 1906 this has not been a provision, or at any rate not an enforceable provision, of our law with respect to subparagraphs (d) and (e) of subclause 1. Therefore you cannot really say that that fact was not due to the absence of parliamentary intention, because since 1906 to the present time parliament has not acted to make it an enforceable provision of the law. Therefore, how can you possibly say that it was not because of absence of parliamentary intention? If it had been desired to make it a real and enforceable part of the law, then the section would have been amended; but it has not been amended and no attempt has been made up until the present time to change it. That is an argument with regard to history, and perhaps it does not go to the merits of the situation. The merits of the question now are: Should it be made applicable to contracts between employers and employees in this field, whereas in effect it has not been applicable to it before but has applied only to contracts between corporations engaged in this field? Does the minister disagree?

Mr. Garson: Yes, I do disagree. As nearly as I can judge, I think that the reason that parliament did not form an opinion in relation to this gap in this section was that until we began the consolidation of the code and had some experts examine the section, parliament was not conscious of the fact that that defect did exist in the section in relation to public utilities and railways. In the interim no occasion had arisen to invoke this section and thus no occasion to see whether it was invocable. It was just a hiatus in the law that no person was conscious of. It is an extraordinary thing regarding this legislation relating to criminal breach of contract, which was the product in England of a royal commission and of great public attention to the report of the royal commission by, as I said before, the employers and employees, who apparently were of the opinion that this was required to meet situations which might arise, that I have not been able to find, nor have my assistants, either in Great Britain or in Canada, any single instance in which the British statute or the Canadian statute had been used as a basis for a prosecution. That is my reason for submitting what, I admit, is just a personal theory of my own that no person had discovered the real effect of the section until we started to examine it for the purposes of consolidating the code.

But there is no question about the policy involved in this section; for if my hon. friend is interested, he can go back and examine the debates when the code was being passed in 1892 when Sir John Thompson discussed this clause, or go back to when Edward Blake discussed it in 1877 under the Alexander Mackenzie government, when it was first introduced, and see their clear explanations for its presence in the law of Canada.

I expect that in future it will not be invoked any more than it has been in the past. This section was introduced into the law to deal with only certain types of labour difficulties. It was not introduced so much in the interests of the employers on the one hand, or labour upon the other, as in the public interest. The distinction was drawn in the British statute in this way. They said, here is a small group of contracts which we think in the public interest it should be a crime to break. One of the occasions of examining this in England was a strike of workmen in the gas converter industry which put a large part of the city of London in darkness for a long period of time. That was a rather outstanding example of the public interest being seriously affected by a wilful breach of contract, and that is one of the things which inspired this provision. Happily, in Canada we have never had to invoke it, and I hope we never shall, but there is no question about the legislative policy which inspired it and kept it on the statute books; and the only reason there has been since 1906 a gap in this section in relation to utilities and railways is bad draftsmanship in the Revised Statutes of Canada for 1906.

Mr. Fulton: Perhaps we can leave the historical interest of the matter for the time being, though I believe this observation will be made by responsible labour people who are uneasy—and I am interested only in the responsible ones—that the reintroduction of this provision as part of the Criminal Code, if in fact it has never been invoked, is unsound. I believe they would say that, on the basis that there has been no occasion since 1906 to find out whether it was enforceable with respect to employees, because no case arose. That is a fairly good argument in support of their view, and they claim that if it ever should be necessary to deal with a problem of this nature then the proper place to provide for it is not in the criminal law but rather in the field of labour relations legislation. That is their point and I must say it seems to me a point of some substance.

But I am prepared to leave that argument for the time being and deal with it on the basis that the government put it in the code in the form in which it now is. In that respect, as I understand the attitude of responsible labour organizations, they say that if a breach of contract between employer and employee is going to be introduced into the field of criminal law then you must introduce it in such a form that the normal and recognized rights of labour to strike, after due conciliation processes have been complied with, should not be made the subject of criminal prosecution. That is their concern.

They recognize that an illegal breach of contract is wrong, and they feel the same way as others do in that regard. In fact, they feel as strongly about an illegal breach of contract as any of the rest of us, but they say they do not want this clause used, and I think they are entitled to say that. They agree there should be a prosecution in connection with a perfectly legal breach of contract: in other words, where a contract has been discontinued or broken after the appropriate effort prescribed by conciliation legislation has been complied with. But they were concerned with the wording of the clause, particularly the last three lines where there appears to be room for a maliciously-minded employer to put them in such a position that they would be forced to disregard the detailed terms of some labour statute regarding conciliation and where they might be aggravated and irritated to the point where they would be unable to restrain their members any longer so that a technical breach is committed. This would then be the subject of criminal prosecution, and they feel these last three lines are too restricted in character. I felt they had a case there and an argument which is well founded.

What we have to do, it seems to me, is to look at the proposed amendment to see whether in fact it removes that objection. I have some rather grave doubts as to whether it does. It restates it in different language, it is true, but it still seems to me to tie them down pretty tightly as to the exact steps which must be taken, the absence of which, they say, should not be made so much a matter of criminal prosecution as a process in the field of labour legislation. I drafted an amendment so that that principle would be there, the language of which, I submit with all humility, achieves that purpose rather better than the present amendment. My amendment was in this form, that the clause be amended by deleting from subclause 2 the words in the last three lines and substituting the following: "If, before a stoppage of work occurs, there has been a bona fide attempt by such a person or a bargaining agent to invoke and observe the provisions of the law then and there in force relating to the settlement of industrial disputes". That is an attempt to state the general principle that, provided the employee or the union has made a bona fide attempt to abide by the terms in force under any labour legislation which might cover a particular contract, and that, if he or they made that bona fide attempt to abide by these provisions, a breach of contract, or a strike, if you like, subsequent to that shall not then afford an opportunity for criminal prosecution. I believe it is sound to suggest that that

principle should be stated in broad general terms, leaving it to the court to decide whether there has been that bona fide attempt, because it is difficult to draw an absolute distinction here and determine who is responsible, the employer on the one hand or the employee on the other.

But we do know, as a matter of fact, that there are some employers, unfortunately, who do not share the generally accepted view with regard to labour unions and will place obstacles in their way and will, in fact, at times conduct themselves in such a manner that the task of the union on its side to comply with the regulations regarding industrial disputes is made difficult. For that reason we could state this general proposition, that provided the employee or the organization has made this genuine attempt to comply with the terms of labour legislation covering industrial disputes, it should not be possible to lay criminal prosecutions, although you might still be free to invoke whatever the provisions are of the labour legislation or the terms of the civil law with regard to the breach of contract. As I say, with all due humility, I rather feel that the type of amendment I had in mind would achieve that object better than would the amendment moved by the minister. I will send him over a copy of the amendment and I would ask him if he would consider the possibility of accepting it as a substitute for his own.

Mr. Garson: Perhaps I might deal with the hon. member's suggestion now. I am afraid that I would not accept it, Mr. Chairman, for this reason. I do not for a minute hold myself out as being any better labour lawyer than is my friend the hon. member for Kamloops.

Mr. Fulton: I do not think that either of us is particularly well qualified in that field.

Mr. Garson: No; I do not think we are. Labour law is quite intricate law. I prefer to rely upon specialists in this field. When we have had this particular clause in the Canadian law for upwards of seventy years and when we were consolidating the code and had fairly clearly decided as a matter of policy that the substance of this law was to be carried on, it seemed to me that the most intelligent way of providing for a wording that would continue that substance in a manner that would be acceptable to these people who were immediately concerned, namely the labour congresses on the one hand and the employer interests on the other, was to go directly to them, let them bring in their legal counsel, sit in with us and see whether we could work out a satisfactory wording upon which agreement could be secured. I do not pay any disrespect to my friend the hon. member for Kamloops when I say that I would quite honestly prefer the views of Mr. Maurice Wright, for example, counsel for the Canadian Congress of Labour, to those of my hon. friend and I would prefer Mr. Crysler's views, because these are men who are competent specialists in this field.

Mr. Fulton: But sometimes they have to be content with what they can get. It does not necessarily mean that what they can get is what they want.

Mr. Garson: No, it does not necessarily mean that what they can get is what they want. First of all, in legislation one has to decide on what the policy is to be. But even after that decision has been made there is always involved, in a matter of this kind, the intricate problem of draftsmanship. The best thing to do in a specialized field of this sort is to go to the people who are experienced and competent. That is what we have tried to do. The result is that the Trades and Labour Congress accepted this wording that I have moved. The Canadian Congress of Labour in effect say, "We do not want the legislation, but of course that is a question of policy. If you are going to have legislation, then we would prefer to strike out this 3-line clause at the end of clause 365 (2) of the bill entirely." It seemed to us that to do this might make it possible for a wildcat strike to frustrate completely the intent of clause 365. The Canadian Congress of Labour's next choice was the saving clause that is provided by this amendment which I have moved. That means that so far as the drafting end of it is concerned the two congresses, as a matter of draftsmanship, approve of the wording in the way and to the degree I have indicated. I may also point out that Mr. Crysler says that as far as he can judge there are no defects in this wording having regard to workability. That is an important consideration.

I am sure I do not need to inform my hon. friend that the provinces of Canada have their labour codes. We have our labour code in the federal field, namely the Industrial Relations and Disputes Investigation Act. When one drafts a provision of this sort in the Criminal Code, cognizance must be taken of these other laws. The wording we have here is the result of efforts in consultation with the men whom I have named, whom I certainly regard as being experts in this field, to draft a workable section in order to perpetuate in the law this penalizing of a wilful breach of contract.

There is one other point I should like to make. This wilful breach of contract is by no means confined to labour unions. It applies to everyone. If there is an unlawful lock-out it applies. If there is wilful breach of contract on the part of some company that has nothing to do with labour relations at all, it applies. The purpose of the application is to see to it, amongst other things, that there shall be a continuous supply of light, heat, power and transportation for society, and that human life will not be put in danger, that serious bodily injury will not be caused and that valuable property will not be exposed to destruction or serious injury.

Mr. Knowles: The minister has proposed an amendment to his own proposition and the hon. member for Kamloops has proposed another one. As I see it, neither proposition is acceptable. If I may, I should like to deal first with the proposal put forward by the hon. member for Kamloops. It seems to me that it is just as unacceptable as are the last three lines that are now in clause 365. Whether you keep clause 365 as it is with those last three lines in it which read:

> . . . if, before the stoppage of work occurs, all steps provided by law have been taken through negotiation, collective bargaining, conciliation and arbitration—

—or whether you substitute the words suggested by the hon. member for Kamloops, you are limiting the saving clause by whatever labour legislation is now on the statute books of Canada or on those of any of the ten provinces. You are also limiting it by labour legislation that might, in the future, be put on the statute books in any of the provinces. I think that that comment applies equally to the last three lines as they now stand in clause 365 and to the proposal made by the hon. member for Kamloops.

In my view the position taken by the Canadian Congress of Labour is the correct one, namely that we should not have this legislation at all, bearing as it does on trade union contracts. I agree with the position taken by the Canadian Congress of Labour—and it is a position that has already been argued effectively by the hon. member for Kamloops—that any matters affecting trade union contracts should be covered in labour codes or in labour legislation rather than in the criminal law.

As I say, we never know what changes may be made in the law of the provinces. We never know when some province may have in power a provincial government with an anti-labour bias which can change the labour law of that province, with the result that the activities of labour unions within that province could be brought under the umbrella of the Criminal Code, resulting in an effect which was not the intention of parliament at this stage of the game.

Therefore when the minister tells us that some of the labour people have an order of preference, I do not think it should be suggested that the second or the third choice is really very acceptable. It may be a second choice or it may be a third choice but there is a long gap between the first choice and the second choice. When the minister indicated to us earlier in the discussion—I believe it was yesterday—that there were going to be amendments to clause 365, I had hoped that he would consider an amendment which I understand was laid before him a few days ago by the representatives of the Canadian and Catholic Confederation of Labour. I understand their proposal was that clause 365 be amended by deleting the present subclause 2 and inserting the following:

> 2. No person wilfully breaks a contract within the meaning of subsection (1) by reason only that
>
> (a) being the employee of an employer, he stops work as a result of the failure of his employer and himself to agree upon any matter relating to his employment, or
>
> (b) he stops work as a result of his taking part in a combination of workmen or employees for their own reasonable protection as such workmen or employees.

The proposal that was laid before the minister by the Canadian and Catholic Confederation of Labour, and which I believe had the support of some of the others whom the minister saw the other day, stopped there. In other words, their proposal was that the last three lines that are now in clause 365 should be omitted. Thus they would prefer not to have the words the minister has proposed or the words proposed by the hon. member for Kamloops. The effect of the proposed amendment I have just read would have been to make this saving clause really a saving clause so far as labour is concerned.

My basic position is that we should not have a section that requires a saving clause of this nature so far as trade union contracts are concerned. The minister gave us quite a little story about parliament in the past not being too conscious of what it was doing on one or two occasions. Well, we are conscious now of what we are doing. We know now that clause 365, if enacted, will relate to corporation contracts and will also relate to trade union contracts. It is our very strong view that trade union contracts should not be the subject of criminal law but should be confined to the Industrial Relations and Disputes Investigation Act, so far as federal labour relations are concerned, and to the labour codes so far as provincial labour relations are concerned.

With respect to the amendment that the minister has moved, I find it a bit of a toss-up whether it is any improvement on the wording now before us in clause 365. He says that in some order of preference it is acceptable to some of the trade union groups. This wording has just been presented to us and naturally none of us has had any opportunity to consult with any trade union people on it. But my first reading of it, indeed, my fifth and my tenth reading of it, make me feel that it still further restricts the saving effect of the so-called saving clause. The minister shakes his head.

Mr. Garson: Shakes his head in dissent.

Mr. Knowles: Oh yes, that head was going from right to left. The words that the minister proposes to add, it seems to me, add another condition that has to be met before the trade union concerned gets the benefit of the saving clause. Before this amendment was put forward the only condition unions had to meet in order to get the benefit of the saving clause was to make sure that all the steps provided by law had been taken. Now, in addition to that, any provision for the settlement of differences, without stoppage of work, contained in or by law deemed to be contained in a collective agreement must be complied with and effect given thereto.

As I say, it seems to me that is an addition to the conditions that must be met before a question involving a trade union contract can be said to be beyond the pale of clause 365. If the minister can offer an explanation showing that it does the other thing, perhaps we can toss again as to whether this amendment is better than the minister's original wording. So far as I am concerned, it is little more than a toss because both of them are quite unacceptable. It seems to me that a change is being made here that should not be proceeded with at all. For my part, I think it would have been better if the government had retained, with such amendments as would need to be made to bring it up to date, the wording of the old section 499. A number of changes would have had to be made if that had been brought forward—the reference to hard labour and some points of that kind.

But it does seem to me in reading the wording of the old section 499, and it is a very long one, that the whole context of it related much more clearly to contracts by companies and corporations whereas the wording of clause 365 is so much broader that it has definitely brought trade union activities within the compass of this breach of contract legislation. I appreciate the fact that the minister has continued meeting the labour people right up to the eleventh hour so far as the code is concerned. I appreciate the fact that he has made some changes in some of the other sections that have improved them slightly, but it seems to me that with respect to clause 365 he has not filled the bill, and even with the amendment he has proposed this whole clause is quite unacceptable.

Mr. Winch: Mr. Chairman—

Mr. Garson: May I reply? I do not want to stand in the way of the hon. member for Vancouver East, but I think I should reply now to some of the specific points raised by the hon. member for Winnipeg North Centre. In the first place, I think I should make it clear—perhaps I did not do so sufficiently before—that the revision in 1906 was the same kind of general revision of the statutes of Canada that took place in 1927 and in 1952. Such revisions are conducted by revising officers or draftsmen and never come before parliament at all. Therefore when I say that parliament did not exercise any legislative intention with regard to leaving out public utilities and railways so far as the operation of this bill is concerned, I mean precisely that. This revision was conducted by drafting experts—at least, they pretended to be experts but they were not very expert in this particular matter.

Mr. Knowles: Parliament had many years in which to correct that if it felt it necessary.

Mr. Garson: Quite so but, as I say, it has never had to be invoked. I do not think any person was conscious of the fact until we came to examine the consolidation of the Criminal Code. When we got to it I must say that I was quite embarrassed. I called in the labour bodies and said, "Now, the law is not effective in this field now. I think there is no doubt at all as to what the intention has been all along, and I am telling you candidly that we will have to make this section effective with respect to utilities and railways as it has always been with regard to these other classes that are affected by it."

As I have indicated before, we have been discussing the means by which that might be done. At the conclusion of his remarks a moment ago the hon. member for Winnipeg North Centre raised the point that he thought it might be better to restore the wording of the provision of the 1892 code. We put that up to the labour congresses, and that is covered in this letter that I got only two or three days ago. We said: "If we cannot reach any kind of agreement on this clause, would you prefer that we should wash out all these long drawn out discussions and just re-enact the provision of 1892? Mind you, I have no right to make this offer to you as a firm offer. I have to clear it with my colleagues and the

like, but what do you think about it?" The answer came back in this letter. They rejected that alternative and they said that while they would prefer to have the act removed from the statute books, where it had been for over seventy years—of course, I am sure they must have realized that suggestion was not very realistic—if there must be legislation of this sort their second choice would be to strike out the three last lines of clause 365 (2) that are now in the draft bill, and if that were not considered feasible then they suggested we adopt the wording which is now before the members of the committee.

Mr. Winch: I wonder whether the lawyers and the ministers would mind if the small voice of a trade unionist were heard for a few minutes? I am very much interested in clause 365, and I am very disturbed by it. I speak as a trade unionist, and also as an electrician. I have had the honour of being a member of the international brotherhood of electrical workers for some twenty-eight years. This section specifically mentions workers in light and power industries and places certain restrictions on the activities of trade unionists in those fields if they take certain action. Quite honestly, Mr. Chairman, I feel that this section is dangerous or can be dangerous to the workers and trade union to which I belong. There is specific mention in this provision of light, power, gas, and water and the workers in those industries are brought under the Criminal Code. They are subject to certain penalties if they strike without following certain procedures. There are others who are in what we might term public utilities or public services, who are not mentioned here, and who do not have the right to strike because of an agreement under provincial legislation. I know that in British Columbia the policemen and fire fighters have an agreement under which they have no right to strike. However, it is mandatory under that act that in any dispute the majority award of the arbitration board be accepted by both parties to the dispute.

The electrical workers are in a different position. I think they are in a dangerous position because they are brought into this Criminal Code. If we felt absolutely certain that every provincial government was going to be a fair government, and have on its statute books fair labour legislation, then we would not be too much worried about section 365 as it is now or as the minister proposes to amend it. However, we have not got that assurance that we will have fair governments and for all time to come. We know of certain types of legislation in Quebec. We know right now that if you take the viewpoint of all the trade unions in British Columbia concerning labour legislation now before the legislature, they consider the government as anti-labour. Yet, the government is determined to put through this legislation that is bitterly, completely and unanimously opposed by labour. Since they are determined to put it through, it automatically follows it will be enforced.

If enforcement is found to be impossible, as labour now feels it is, then under provincial legislation there will be penalties imposed because the labour laws of the province have been broken. I say to the minister, Mr. Chairman, that I believe it is most unfair to place the trade union movement, for all future time or until the provision might be changed, again in a position of being under the complete domination of an anti-labour government. If the union did not conform to the provincial legislation, then it would also be committing a criminal offence. As a matter of fact, I feel that most of the penalties provided for the infractions of the provincial legislation are not nearly as serious as the penalties we now have under the Criminal Code. I think it is unfair to have this double-barrelled shotgun aimed at the trade union movement of this country. I also think, sir, that it is not justice to give power into the hands of potentially anti-labour governments so that they can legislate as they please within their jurisdiction with the knowledge that this parliament has carried it forward into the Criminal Code without knowing what may be on the statute books of a province in the future. Actually, that is what we have in this clause. I cannot see any other way of putting it. We are giving a blank cheque power to the provincial legislatures to deal with the trade union movement in their province. I am not going to repeat these arguments that have been mentioned before. I want to say this as a member of the union that is most vitally affected by the measure, as a trade unionist, and as I say I am somewhat concerned. I can only ask the minister if he cannot see that inherent danger, if he cannot see the position in which it is going to place thousands of workers, and so remove the application of the Criminal Code to an individual who breaks a provincial statute.

Mr. Gillis: I am just going to say a few words on this subject. Either the Canadian Congress, in the memorandum they presented to the minister in February, 1953, is wrong —I think that was the only major job they did—or else the minister is wrong. The minister stated that this is not new and has been in the code since 1892.

Mr. Garson: And since 1877, in Canadian statute law.

Mr. Gillis: Since 1877, then. The minister has admitted that Maurice Wright, who advises the Canadian Congress of Labour, is a fair lawyer and specializes in this field. In that memorandum on clause 365 they have devoted a great deal of space to their criticism, much more than they did to any other clause. If the minister will look at that memorandum, in the second paragraph dealing with this section, he will find they had this to say:

> For one thing, this section embodies a legal concept not found elsewhere in our law: that a person can be prosecuted under the Criminal Code for breach of a civil contract. Traditionally, breach of a civil obligation involves the right to seek a remedy in the civil courts; for example, a right to sue for damages, or to restrain by injunction. Section 365 provides that in certain circumstances breach of contract, a civil matter, shall also be punishable by a court of competent criminal jurisdiction. This is a principle which, if admitted at all, should be admitted only because of the most clear and overwhelming public necessity, and confined within the narrowest possible limits. No such necessity has been shown in this instance, nor is the principle so confined.

I would judge from that comment on this particular section that it is a new principle that you are now permitting union strikes to come under the Criminal Code, whereas the general principle in law is that breach of contract is tried in the civil courts. It is a civil matter; it is not a matter for the Criminal Code.

I want to say, further, that I agree with the congress officials, or the representatives of labour, when they say that, in so far as it affects union contracts, it should not become operative. Evidently the minister says that it will be, so that is what we have to deal with.

Those who are connected with labour look upon this clause as the thin edge of the wedge in connection with the outlawing of strikes. That is their conception of it. Rightly or wrongly, they see it that way. That labour movement is exemplified by the three large congresses in this country, and I would point out to the minister that in a time of trouble they are pretty good allies to have. There has never been any suggestion that in troubled times they have been unfair, or have taken any advantage of a state of emergency. We want to be most careful, I should think, that in legislation of this kind we should not do something or say something that might cause the disaffection of those allies, who might be so useful in time to come. If we adopt a reasonable attitude toward them, and show them we are going to be fair, they can make a better contribution.

However, they do feel that this is the thin edge of the wedge. So long as this provision affecting trade union agreements is in the code, I do not think it will be possible to find any wording that would soften the effect or would make it more palatable.

If the minister insists that the clause remain, then I suggest to him that the clause as it now appears in the bill is just as good as the proposed amendment because, in my view, the amendment is as it has been described by the hon. member for Kamloops.

After this discussion is concluded, and if it appears that the clause is going to remain as he has suggested—and apparently it will—I intend to suggest that we should try to have it pinned down to some particular person who can say when, so far as trade union agreements are concerned, this clause should become operative. I would like to see inserted a paragraph following subsection 2 that would place the onus on the attorney general of a province of deciding when the clause might become operative in the matter of trade union agreements.

While the hon. member for Vancouver East did not appear to like the type of government in British Columbia, and there seemed to be a feeling that there is danger in the kind of government we find in Quebec, the fact remains that it is the employers I am afraid of. I fear the employer who wants to carry on some sharp practice. While the provision may have been in existence since 1887, that employer might not have known about it. As a matter of fact, in the discussion of the Criminal Code we have been smartening up a lot of people about laws they could have been using. From now on they may use them—and especially those employers who, in violation of a contract, may want to outflank or bypass a labour code in a province or, so far as that is concerned, a national labour code. Penalties are provided for the violation of contracts; and if an employer did not want to take a chance he could take action under the Criminal Code, in its present wide-open state. But if we placed the responsibility upon an attorney general for the decision as to when the clause is to become operative, then at least we would have a guarantee that the attorney general would see that all the machinery in the province in connection with the labour code would be exhausted before he would permit action under the Criminal Code.

After we dispose of this amendment I will ask the Minister of Justice if he will consider what I have been saying. I shall send him a copy of what I have in mind. So far as I am concerned, the only way we can soften this up would be by putting someone in a position to

say when it would be operative. While an attorney general may not like that, I think the safeguard is necessary.

Mr. Herridge: Mr. Chairman, I rise to speak briefly in support of the opposition expressed concerning this amendment. I do this because there is widespread opposition to the clause among the working groups in Canada.

I would point out that I have received many representations from my own constituency about this clause. The largest group of organized labour in my constituency is the international union of mine, mill and smelter workers, who have expressed strong objection to the clause. All affiliates of the Canadian Congress of Labour in my constituency have expressed similar objection and, to the best of my knowledge, the local affiliates of the Trades and Labour Congress of Canada have done likewise. Sometimes the local business agent or local official, who is more closely in touch with the day-to-day life of the working people concerned than the union is, has a better idea about what the rank and file are thinking than do some of the persons in high places.

I, personally, have not had any experience as a trade unionist. As I have said before, I have been a peasant farmer all my life. However, I do listen to what these people have to say. And when I find such united and general opposition to a clause, as I do in this instance, I realize there must be good grounds for that opposition.

Quite recently I received a letter from the secretary of the building trades council of Vancouver, New Westminster and district, in which he deals with this clause. The letter is signed by Mr. E. Kennedy, secretary. Apparently the council retained a well-known firm of barristers and solicitors in Vancouver to make a study in particular of clauses 365 and 372. After making this study the lawyers in question wrote as follows to the labour organization:

> Pursuant to your request for a considered opinion on sections 365 and 372 of Bill 7 and pursuant to my suggestion to you, I have engaged senior counsel Mr. Thomas F. Hurley, to give an opinion. As you know, Mr. Hurley is eminent in the field of criminal law and his opinion carries considerable weight in our profession.
>
> Accordingly, I enclose the opinion given by Mr. Hurley. I must say that I have read the same carefully and can only agree with the conclusion therein set forth.
>
> Please be assured that both Mr. Hurley and myself will be pleased to elaborate further upon request.
>
> Yours very truly,
> Shulman, Fouks and Tupper
> per "I. Shulman".

The name of Tupper is, of course, a distinguished name in Canada.

[Mr. Gillis.]

When I receive representations from all sections of labour in my constituency, in which they express views that are held generally across Canada, and when I receive the considered opinion of well known counsel I, as a layman, and without any special or personal knowledge of the situation, must be of the opinion that there is some ground for the opposition expressed with respect to this clause.

I should like to quote briefly from the brief prepared by Mr. Hurley with reference to clause 365. He says:

> It is to be noted that it is almost inconceivable that there can be any strike that does not come within the purview of subsection (1). The phrase "valuable property, real or personal", opens the door wide to every kind of strike that it is possible for me to imagine.

Then he goes on to say:

> It has been suggested that subsection (2) is a saving clause. I consider this to be unfortunately not so. Rather, it seems to me to emphasize the brutally negative aspects of subsection (1).
>
> Subsection (1) makes virtually any strike illegal, under an infinite variety of circumstances. Now, examining subsection (2) (a) it will be seen that the so-called saving clause places the onus on the employee first, to show that the only reason he stops work is as a result of the employer and himself failing to agree upon any matter relating to his employment. I assure you that such proof could be difficult indeed, as any other reason could be sufficient to eliminate the "saving" effect. In addition, the onus is placed on the employee to prove that before the stoppage of work occurred, all steps provided by law have been taken through negotiation, collective bargaining, conciliation and arbitration.
>
> The additional burden thus placed upon the accused has numerous dangerous aspects. It places the employee in the position of having to determine questions which, in many cases, might well give pause to experienced counsel . . . when have all the steps been taken? Have each of the steps been properly taken? Has there been any defect in the proceedings which could subsequently face the employee with an unexpected legal interpretation? The employee could easily be placed in the position of having ceased work, thinking that all steps have been taken, only to find that this was not so. It is well known that ignorance of the law is no excuse. An employee might, therefore, carefully proceed through all the manifold intricacies, only to find himself faced with possible serious consequences, because he or his solicitors have overlooked or misunderstood a requirement of a provincial statute.
>
> Perhaps an even more glaring danger lies in the fact that by this proposed section of the Criminal Code the dominion government would give power to provincial governments to legislate crimes into existence, at their whim—

I think that point was well made by the hon. member for Winnipeg North Centre and the hon. member for Cape Breton South. I continue:

> —leaving labour at the complete mercy of any provincial government. That this may well give the labour movement cause for alarm, is certainly clear from an examination of the recent record of certain such governments, notably that of Duplessis of Quebec. This legislation would give

Duplessis' government, or that of any other province, complete power of legal life or death over all trade unions in its jurisdiction.

It makes it possible for a provincial government to insist upon compulsory arbitration, with government-appointed arbitrators, and with criminal sanctions to enforce them.

It makes it possible for a provincial government to make strikes illegal, with like sanctions.

It makes it possible for a provincial government to remove virtually all of the rights labour has won throughout the centuries.

The proposed section 365 can be described, not as a step toward a police state, but as a final step into a police state in so far as labour is concerned.

Now, Mr. Chairman, these concluding sentences are written in quite strong language but they are written by an eminent counsel in Vancouver, and because of the basic feeling of labour as a whole, from its experience in the past and because it is also the opinion of eminent counsel, I as a layman can do nothing else but support the objections raised by previous speakers to this amendment.

Mr. Garson: Mr. Chairman, I am not aware of the eminence of the counsel to whom my hon. friend referred, but if this opinion from which my hon. friend quoted is a sample of his handiwork one can only wonder how he became eminent, because I cannot imagine any responsible counsel dealing with a matter of this kind expressing a legal opinion in the language which he has used.

It has been suggested that this is a new principle that is involved; that this is the first time, in 1954, we are introducing this new principle into the law. In proof of the fact, I think pretty conclusive proof of the fact, that that is not so I should like to read very briefly from the remarks of the lord chancellor in England when he introduced the British statute in 1875. He said this:

The government decided to draw a broad line of demarcation between civil and criminal breaches of contract and to leave that line to be determined, not by the tribunal, but on the face of the act of parliament itself.

The employers and workmen bill dealt with civil breaches of contract alone, laying down the general rule—apart from certain exceptions which came under the other bill—that breach of contract which resulted in damages should be treated as giving rise to a civil remedy, and not as constituting a crime.

Certain procedure was set up where the damages were under or over £10.

The breaches of contract which were to be made criminal in future were included in the conspiracy and protection to property bill.

That was the bill he was introducing. It is the British analogue to this legislation. I continue:

That bill dealt first with questions affecting the supply of gas and water. It provided that where a person employed by a municipal authority or a company wilfully and maliciously broke a contract of service, knowing or having reasonable cause to believe that the probable consequences of his doing so would be to deprive the public of gas or water, he should be liable . . . They held that a person so acting not only committed a breach of contract incurring civil damages, but a criminal offence for which he ought to be criminally responsible . . .

Then the next clause (5) proceeded exactly on the same principle as clause 4, the only difference being that it contemplated a breach of contract, whether by a person serving or by a person hiring, which involved serious injury to life, personal injury or which exposed valuable property to destruction or serious injury. There, again, a breach of contract having those consequences was treated differently from a mere civil contract.

That legislation went through. It has remained upon the statute books of Great Britain ever since, and I for one have never regarded Great Britain as being a police state in the language of this eminent counsel of Vancouver who said that we were on the way to becoming a police state if we continued in our law a principle which has been there for over seventy years, and which during the whole of that period of time has been on the statute books of Great Britain.

When the Canadian bill was introduced in 1877, the Hon. Edward Blake, who was then minister of justice, gave the following explanation. He said:

In these modern times, the enormous inconvenience of stopping the whole system of communication between one part of the country and the other was very apparent, and he was justified in holding that any man who produced that result by wilfully breaking his contract was guilty of a crime. The principle of that portion of the bill was similar to the English act. But he wanted to avoid class legislation and therefore he had made the law applicable to others as well as to workmen engaged on railways.

Included in that were public utilities. As a matter of fact, the original English act applied only to gas because at that time they did not have electricity; but as soon as they had electricity it was brought in under the British section. Later on Sir John Thompson —I apparently have not the quotation with me—in carrying forward the same provisions into the code of 1892, gave a similar explanation of this difference between a civil breach of contract and a criminal breach of contract. Therefore the suggestion that we are now in 1954 even attempting to foist upon the Canadian people some new principle of law is really quite without foundation. What we have been seeking to do is simply to carry forward a principle of law which has been on the statute books, recognized both in Great Britain and in Canada, from 1875 in the case of Great Britain and from 1877 in the case of Canada, continuously until the present time, and I think a pretty salutary principle of law. What I find most extraordinary is, if it is open to all this abuse that Mr. Hurley says it is open to, that in that period of time neither in Great Britain nor

in Canada has there been a single case in which any trade union has ever been prosecuted under it.

My hon. friend quotes from sources that he regards, I suppose, as reliable, but I should like to quote from a letter which was sent out by the Trades and Labour Congress of Canada to all of its affiliated unions after a lot of propaganda had been spread amongst its locals in opposition to this provision in the Criminal Code and to the other labour sections generally. On page 4 this is what the Trades and Labour Congress of Canada had to say with regard to section 365:

> This section 365 dealing with a criminal breach of contract is now in the Criminal Code—

That is quite true, but it was defective so far as utilities and railways were concerned. That quality of not being operative however was not apparent to the lay reader. It required a fairly astute lawyer to discover that it was defective in relation to utilities and railways. But so far as parliamentary intention was concerned it was on the statute books and it was intended during all of that time to be on the statute books.

I continue to read from this Trades and Labour Congress letter:

> This section has never been used against trades unions.

That statement is quite true. So far as I know no union has been prosecuted under it.

> However, the executive council of the congress sought and obtained an amendment which is now contained in section 2 which clearly states that an employee or a trade union does not break such a contract because of a legitimate work stoppage arising from an industrial dispute.

Now, I make no aspersions upon this eminent counsel Mr. Hurley when I say that I would prefer to have the views of the national executives of the Trades and Labour Congress as set out in this letter. May I add, in addition, that these are the views not only of the executive but views which were approved in the convention of the congress held a short time ago.

Mr. Ellis: Mr. Chairman, the minister in his remarks did not, I believe, deal with the most pertinent point raised by the hon. members who have just spoken. If Canada were a unitary state and if this government could establish a fair national labour code and then apply this clause there might be a little more validity to his argument, but the objection which has been raised by the hon. member for Winnipeg North Centre, the hon. member for Vancouver East and in the letter quoted by the hon. member for Kootenay West was that this legislation deals with various provincial legislatures, and we find that even in the amendment proposed by the minister namely:

> . . . if, before the stoppage of work occurs, all steps provided by law . . .

Now, the "steps provided by law" are the regulations or the laws in effect in the ten provinces of Canada. It simply means that we are now concerned with the law which is going to be applied differently, or interpreted differently, in perhaps ten different provinces of Canada. I think it should be a principle of law that the law should apply to all Canadians. Here we are faced with a situation where a particular province in Canada can enact labour legislation which denies the trade unions all the hard-fought-for and hard-won gains they have made and which would make it virtually impossible for them to comply with a particular provincial law.

Under these circumstances, if the union felt it necessary to go on strike they would be, under the terms of the provincial law, guilty of a breach of contract. A statute passed by the federal parliament will then be used by this province for the purpose of prosecuting and possibly jailing trade unionists.

To me that is the crux of this matter, namely the penalties provided for in this clause will be applied and enforced in terms of laws passed by the various provincial legislatures and, as I have suggested, it is altogether possible that a provincial legislature could enact labour legislation which would make it virtually impossible for a trade union to carry on its normal operations without breaking provincial labour laws. Under these circumstances, this clause could be used to punish these trade unionists. I wonder if the minister would care to comment on that, because that is the point which causes us the greatest concern.

Mr. Garson: I will be very glad to comment on it. I withheld any comment upon it because I was afraid it might be difficult for me to express myself in language which would not be offensive. I will try to express myself in inoffensive language. But may I remind my hon. friend and those who preceded him with the same argument that they are talking about a clause in this bill which was put there at the express request of the labour congresses, and these arguments they have made have no relevancy except in relation to a saving clause which has been put in the bill at the request of the labour congresses.

Mr. Knowles: Not the whole clause; just the saving part.

Mr. Garson: No. If my hon. friend will look at the briefs submitted by the labour congresses in relation to this bill as drafted in the first place, and which merely continues the former section 499 in the form of clause 365 of this bill, he will see that these briefs asked that it be made clear in this bill that it would not apply to a lawful stoppage of work. In order to give effect to their request we drafted this clause. We wanted to meet them half-way. We have nothing against organized labour. We have many reasons, of which my hon. friends of the C.C.F. group will be conscious, of wishing to be friendly with labour, just as they wish to be, so when they came up with the request that there should be a saving clause put in here covering a legitimate industrial dispute or strike we said: "Yes, by all means."

The argument advanced by the hon. member for Vancouver East, the hon. member for Regina City and some other hon. members on the other side of the house, to the effect that we are trying in this parliament to bring the labour unions of Canada under the control of terrible provincial legislatures which are going to take away their rights are absurd. For the only basis they have for that argument is the saving clause which we have put in the bill at the express request of the labour congresses themselves. There is no other basis for this branch of their argument.

Now, Mr. Chairman, I come to another point. A good deal has been said about a police state by this lawyer in Vancouver and we find this opinion quoted at great length on the editorial page of one of our local papers in the form of a letter written to that paper over the signature of a man who is the national executive secretary of the league for democratic rights, a communistic-front organization. These gentlemen talk about the police state, but what sort of argument is it that a provision in a federal law puts anyone at the mercy of a democratically-elected provincial legislature anyway? Is that argument a vote of confidence in democracy? What is this idea of being at the mercy of parliament or at the mercy of any legislature which is elected by the free vote of the people of Canada?

I did not take part in this debate before because I felt I would have some difficulty in restraining my indignation in the face of an argument of that sort. For if such an argument is made before a committee of this house or made in this country, it is a clear expression of want of confidence in the whole democratic process. The idea is that any law of this sort might depend upon a future law passed by a provincial legislature, and the people involved cannot take the chance of being "put at the mercy of" a democratically-elected Canadian legislature. They would be taking a chance in Russia or in other countries where they do not enjoy freedom of the franchise but surely not in Canada. I realize in saying this that we have had poor governments in this country on some occasions and poor legislatures also; but who, may I ask, put them there? Was it not the people themselves? And surely the people themselves who put them there are free to put them out on another day. Perhaps it would not be a bad thing if they did that in some cases. This argument is not up to the high democratic conceptions which I am prepared to admit that the C.C.F. party have displayed on happier occasions. I do not think it does them credit.

Mr. MacInnis: The Minister of Justice has departed from his usual role. He has usually been very fair in this matter but he has stooped to political manoeuvring and to drawing red herrings across the trail—

Some hon. Members: Oh, oh.

Mr. MacInnis: Oh, yes; I heard it. He has stooped to political manoeuvring and to drawing red herrings across the trail when he says any government of Canada elected by the will of the Canadian people is one to which you can trust everything. That is not what my hon. friend says when he is talking about this party on the political platform. That is what he said here today. It is not what my hon. friends over there on the other side of the chamber said either.

Some hon. Members: Oh, oh.

Mr. MacInnis: I know, because I have heard what was said, and I can also read. The Minister of Justice says that this provision has been on the statute books since 1887, if my memory serves me aright and I believe he said it is almost unchanged. But if it was there on the statute books and almost unchanged, why did the labour movement of this country—the Trades and Labour Congress of Canada as well as the Canadian Congress of Labour—rush here to tell the minister how dangerous this act in the present case would be to organized labour and to suggest the amendment that has been made to it, if it has been unchanged? The fact is that previously the clause we are dealing with now applied—at least I think it was

so considered—to employers that held contracts and did not apply to labour organizations. I believe an amendment was made in 1927; when there was some suggestion that it did apply or might apply to labour organizations, an amendment was made to prevent that being the case.

Mr. Garson: Might I ask my hon. friend a question?

Mr. MacInnis: Yes.

Mr. Garson: Did I understand my hon. friend to say that this statute had applied only to employers when it was first passed?

Mr. MacInnis: I believe that was the understanding.

Mr. Garson: Oh, no.

Mr. MacInnis: It was the statement made by the representatives of the Canadian Congress of Labour when they appeared before the parliamentary committee.

Mr. Knowles: The minister himself said it had never been invoked against trade unions.

Mr. MacInnis: I do not know whether it has ever been invoked against anybody.

Mr. Garson: That is right.

Mr. MacInnis: Here is a law that has never been invoked against anybody. There was no need to invoke it. In order to say that it is more effective than it was before they have got to tighten it up with greater penalties. Surely the commissions that drafted or prepared these revisions of the Criminal Code were short of something to do when they had to deal with matters of that kind. This is a statement made by the delegation that appeared for the Canadian Congress of Labour before the committee:

> For one thing, this section embodies a legal concept not found elsewhere in our law: that a person can be prosecuted under the Criminal Code for breach of a civil contract. Traditionally, breach of a civil obligation involves the right to seek a remedy in the civil courts; for example, a right to sue for damages, or to restrain by injunction. Section 365 provides that in certain circumstances breach of contract, a civil matter, shall also be punishable by a court of competent criminal jurisdiction. This is a principle which, if admitted at all, should be admitted only because of the most clear and overwhelming public necessity, and confined within the narrowest possible limits. No such necessity has been shown in this instance, nor is the principle so confined.

These are statements that were made while the minister was present. If they were not correct statements, they were not answered and they still apply today.

[Mr. MacInnis.]

Mr. Garson: Mr. Chairman, I rise on a point of order. I just finished, about three minutes ago, answering it or at least trying to do so.

Mr. MacInnis: I know; but what the minister said two or three minutes ago did not have anything to do with this matter. The minister was speaking on a lower plane or level than that which is customary with him; and it was different from that on which he spoke both in this house and in the committee. I should like the minister to understand that I am not saying these things lightly. I am tremendously appreciative of the co-operative attitude of the minister all during the sittings of the committee. I am quite free to admit to him that I never sat in any committee where more willingness was shown to try to meet the views of everybody who had something constructive to contribute. It is because of this that I greatly regret that the minister departed from it momentarily a few moments ago; at least I hope it is only momentarily.

Amendments were proposed and it was announced at the time at least that one of the larger labour bodies never accepted them as being adequate, principally for the reason that has been pointed out, namely, that labour legislation, excepting that part of it that is covered by the national labour code, is under the jurisdiction of the provinces. The provision made here is:

> . . . if, before the stoppage of work occurs, all steps provided by law have been taken through negotiation, collective bargaining, conciliation and arbitration.

That may change from day to day. Indeed in any province laws may be passed which labour would find it absolutely impossible to accept. Before I sit down I am going to draw to the attention of the minister something along that line. I think the hon. member for Vancouver East referred to the new labour bill that has been proposed and perhaps, for all I know, has been passed in British Columbia. R. K. Gervin, secretary of the British Columbia trades union congress, general secretary of the trades and labour council of the New Westminster and Vancouver district and vice president of the Trades and Labour Congress of Canada, when appearing before a committee of trade unionists at a meeting with the minister of labour of British Columbia, said this:

> We do not want you to force us into the position of rebelling against something which is impossible—and this bill is impossible.

Then another representative of the trade unions said:

> We are not here to legislate our unions out of business and that is what we would be doing if we allow this bill to go through.

Then another labour leader said:

> To get justice (under the new act) is a luxury which small unions can't afford—there will be some decertifications because our members will never cross the picket line.

In a report in the Vancouver *Province* of April 1, dated from Victoria, we find this:

> Thinly veiled warnings from British Columbia top labour men that labour-management relations are headed for real trouble if the government persists in pushing through its new labour legislation highlighted the second day of a joint meeting of British Columbia major labour organizations today. One speaker after another, supporting the conference decision in asking the government to withdraw the bill for further study, said bluntly that labour does not intend to give up rights it has won.

There is a danger here in the election of an irresponsible government. Irresponsible governments can be elected and it takes a little time to get them out of office and to right the wrong. There is the danger here that this provision puts trade unions under the necessity of complying with a labour law with which they cannot comply. I do not know whether the amendment proposed by the minister is an improvement on the clause found in the bill as it came from the parliamentary committee. I am rather disturbed about some of the words in the last part of it, particularly these:

> . . . if, before the stoppage of work occurs, all steps provided by law with respect to the settlement of industrial disputes are taken and any provision for the final settlement of differences, without stoppage of work, contained in or by law deemed to be contained in a collective agreement . . .

Mr. Knowles: That is dangerous.

Mr. MacInnis: Who is going to decide what is deemed to be contained in a collective agreement? It seems to me that is a highly dangerous phrase. I would be greatly surprised if the representatives of organized labour asked for that wording. I should like to get the minister's explanation of the words, "contained in or by law deemed to be contained in a collective agreement". It would take some time to find out what was deemed to be contained in a collective agreement. I think we should be very careful because we are not legislating for today or tomorrow but for a long time, and we are legislating on a matter that is of grave concern to many people in this country.

Mr. Byrne: I have hesitated to take part in this debate—it would seem to be a debate although we are in committee—but there are a number of questions that I should like to have asked in order to clear my thinking on the matter before making a statement. I will not delay the committee too long but I should like to make one or two observations. I was not a member of the special committee although I attended at times when this legislation was being considered and listened with very great interest. At the time this saving clause was suggested I can recall that I mentioned to some of my colleagues that it was a dangerous section and that it seemed to point more directly at trade unions and make it appear that the section had been designed to prevent strikes by organized labour for the purpose of winning rights. I felt at the outset that the original wording was better, namely:

> Every one who wilfully breaks a contract, knowing or having reasonable cause to believe that the probable consequences of doing so, whether alone or in combination with others . . .

As long as a contract exists between employer and employees no responsible union would condone a wildcat stoppage of work that would endanger human life or cause serious bodily injury. In any event, that would be contrary to most provincial legislation. There was another thought that came to my mind. We can conceive of the reasonableness of there being a criminal offence when life is endangered or there is a possibility of serious bodily harm, but if I were to suggest an amendment it would be to delete the entire clause having to do with delaying or preventing the running of a locomotive. It is inconceivable that any serious bodily harm is going to be caused simply through delaying a locomotive by picketing or some such action, and for a strike to be effective it certainly must have some economic repercussions or it is valueless.

This afternoon we have heard the opinion of Mr. Hurley, the so-called eminent counsel. His condemnation of this clause has to do almost entirely with the saving section which does bring unions under the jurisdiction of provincial legislation within the application of the Criminal Code. Apparently it is not enough that unions are restricted by various provincial laws, but we must come along with federal legislation which in effect prohibits certain actions. So far as union contracts are concerned, if a contract is in effect for a year or two years and then terminates at the end of December or the end of June, it is my interpretation of the original section that there would be no offence if the union and the employer had failed to reach an agreement at that time.

But with the amendment to the saving clause there is an implication that there is still a contract by virtue of the fact that the two participants in the disagreement, shall

we say, have not reached an agreement. Nevertheless the union agreement with the company has expired as a matter of actual fact. I have said before that I felt that the original wording was better and that if the contract had expired the union did not come under this legislation. I should like the minister to clarify that for me.

I want to say again that I cannot see why it should be a criminal offence to take action that is simply economic. That should be left to the provincial statutes, and many of the provincial statutes make ample provision for prosecution should such action be taken.

Mr. Garson: I think if the hon. member, and all hon. members for that matter, will look at the existing law, which is found in clause 499 of the present code, they will see that there is no saving clause at all protecting—

Mr. Fulton: Because it does not apply to employees.

Mr. Garson: Oh no, my hon. friend is quite wrong about that. Why, in England it was brought into effect in the first place as the result of the very unsatisfactory state of the law between employers and employees, with which the public, employers and employees were all dissatisfied. They had a royal commission, and on the strength of that royal commission's report they introduced a bill. In the selection I quoted from the lord chancellor's speech introducing the bill in the House of Lords he made it very clear that a distinction had to be made between a criminal breach of contract and a civil breach of contract.

All that this section has purported to do during the whole time it has been in the Canadian law is to provide that what is defined as a criminal breach of contract shall be an offence which shall be punishable under the code. It is ironical that all this criticism is being heaped on the government, largely in respect of the language of a saving clause that was introduced into the section at the express request of the labour congresses. In the case of the Trades and Labour Congress, they were proud enough of their handiwork to circularize all their local units stating, in effect, that they had sought and obtained the saving clause to protect unions in respect of all stoppages of work that might occur that might otherwise constitute a breach of the section, that is that were lawful stoppages under their contract or under the relevant laws.

Mr. Knowles: Is it not true that the saving clause was requested and given by the government because the unions felt the wording of clause 365 was so different from the old clause 499 that they had to have a saving clause where they did not have to have it before?

Mr. Garson: No, I do not think so.

Mr. Knowles: I am sure that is the reason the unions wanted it.

Mr. Garson: If my hon. friend will look at the wording of the existing code and examine it carefully he will see the arguments he has just made is not tenable. I think what happened was this. As the hon. member for Vancouver-Kingsway said, this provision had been in the code for a long time and it had been completely inoperative. Perhaps many who might otherwise have been interested were unaware of its existence. There was never any occasion to examine it. But when in the course of the duty which devolved on the government and the royal commission to consolidate the code it was found that here was a clear principle that had been retained in the British law and the Canadian law during all these years, then we had to deal with this provision in the course of consolidating the code.

In the ordinary course of the consolidation of the code the royal commission brought this provision forward and it was brought to the attention of, amongst others, the labour congresses. Upon being put upon notice of that fact, they said in effect, "Well, here is something that may possibly affect us." As my hon. friends who sat on the committee of the House of Commons will recall, and as I recall from the Senate committee hearings, the congresses' representatives appeared and said that if this section were to be carried forward in this form they did not think it should apply to a work stoppage which occurred as the lawful result of their contract. That seemed to be a reasonable proposition, and from that point on we had been applying our efforts towards finding the best language in which a saving clause to that effect could be worded.

I must apologize for being somewhat indignant a moment ago but what made me indignant was that, after all our hard labours and long hours of consultation, having managed to secure a wording here which meets with the complete approval of one labour congress and, I must admit, the carefully qualified approval of another and the even more qualified approval, if you could even call it that, of the third—

Mr. Knowles: That is hardly a majority, is it, one out of three?

Mr. Garson: No, it is hardly a majority. I do not want to go into the details but I must say I do not share my hon. friend's view that this section is not as good as the

previous saving section. In other words, I agree with the views expressed by the Canadian Congress of Labour, that if this clause 365 is to be continued—

Mr. Knowles: Which the Canadian Congress of Labour does not want.

Mr. Garson: That is right, they do not want the clause at all. What they are suggesting is that this clause should not be in the act, to provide that not only workmen but employers and everybody else shall not commit a wilful breach of contract that has an adverse effect upon the public interest. The Canadian Congress was undoubtedly in favour of deleting this clause although that has not been done in Great Britain and I do not think it should be done here.

Then the Canadian Congress of Labour takes the position that if the clause is to remain in the law, they would prefer that we use this language which I moved earlier in the debate than to re-enact the provisions of the code of 1892. I told them we would have to re-enact the provisions of the code of 1892 because the revision of 1906 was botched and it did not carry into effect the wishes of parliament. They recognized the validity of this contention. From what I said I think they recognized that if we were going to carry it forward we would have to carry it forward either in the terms of the code of 1892 or in the terms that are now before the committee. They said that of those two alternatives they would rather we would adopt the language now before the committee.

One of the reasons why I favoured that language—I might as well be quite candid about the matter—was that I had a great deal of respect for the knowledge of these men in the labour congresses. I have a great deal of respect for the legal ability of Mr. Crysler, who is representing the employers' viewpoint. When these gentlemen say that this is the language in which this saving clause could be effectively stated then I, for one, would be prepared to accept their views on that point, especially so when there is also concurrence on this point from the Trades and Labour Congress of Canada. Now, that is the position. Does that answer my hon. friend's question?

Mr. Byrne: I should like to put the question in these words. If clause 2 did not exist in the proposed amendment and a contract had expired but negotiations were going on for perhaps two months without an agreement, and there was provincial labour legislation providing for certain steps to be taken such as conciliation, arbitration and so on and the union officers could no longer maintain the membership which perhaps went on strike, would the union be indictable?

Mr. Garson: I think the answer to my hon. friend's question is this. The clear indication of clause 365, in its language, is that everyone who wilfully breaks a contract is guilty. Now, if there is no contract there cannot be any guilt, no matter what is done. The gravamen of the offence is the wilful breach of contract. And if the contract has run out, then there is nothing that can be broken. But another argument is this—although it has never been stated so explicitly—"Well, supposing we want to walk out while the contract is in effect, what then?" Then the saving clause would be necessary and would have of course to be complied with. If there was compliance with the saving clause, subclause 2 then goes on to say—and while it does not say this exactly, I am putting it in these terms—that notwithstanding the main body of the clause says that every one who wilfully breaks a contract commits an offence, subclause 2 says that—

No person wilfully breaks a contract within the meaning of subsection (1) by reason only that (a) being the employee of an employer he stops work—

or—

—being a member of an organization of employees—

—he does certain things, provided always that he complies with the requirements of the law, or of the contract with regard to—

Mr. Knowles: A contract deemed by law to be in effect.

Mr. Garson: Yes, or in the language of the saving clause.

—if, before the stoppage of work occurs, all steps provided by law with respect to the settlement of industrial disputes are taken and any provision for the final settlement of differences—

And so on. But certainly the hon. member for Kootenay East is quite right when he says that if a contract has run out, and there is no contract in existence, saving clause or no saving clause there is no offence under clause 365 because there is no contract that can be broken.

Mr. Barnett: I think when we consider the closing words of the minister we will realize that we are getting close to the crux of the matter. The point made by the hon. member for Kootenay East is an important one. In suggesting that when a contract has run out there is no offence the minister is pointing up the reason why some of us are concerned about the last three lines of this clause.

While the dangers of legislatures making mistakes have been pointed out—and rightly

so, because we all admit that legislatures in this country have made mistakes, and may make them again—and while some of us who have some association with the labour movement are concerned about the wording of clauses of this kind, because we realize that more and more in this country the area of battle in respect of labour disputes is moving into the legal field, I suggest that may be why the labour congresses have shown such concern over the wording of these clauses.

I think the real reason some of us are so concerned about the last three lines is that we know that under some of the provincial legislation as we understand it a contract does not run out when it expires.

Perhaps I could illustrate by reading a portion of the amendment the minister has introduced, leaving out certain parts of it. By doing this I believe I can illustrate the point I have in mind. Hon. members will recall that the amendment sets forth the saving clauses (a) and (b). I shall read, then, what follows as I think it could be worded:

If, before the stoppage of work occurs, all steps—

And I shall leave out some of the words.

—contained in a collective agreement are complied with, and effect given thereto.

I do not believe any responsible trade unionist would argue that labour should have the right simply to go out, willy-nilly, and break a contract, particularly if such things as causing serious bodily harm or shutting off the public utilities of a city are concerned. I do not think any responsible trade unionist in this country would argue that labour should have that right.

On the other hand, when we have signed an agreement with an employer and under the terms of our agreement we want to reopen the agreement for negotiation at the termination date, and we negotiate with the employer for two months or so, we do not want it to be held that if at the end of that time a stoppage of work occurs a criminal breach of contract has been committed.

The problem is that certain labour legislation is being introduced which, in effect, nullifies the right of labour to terminate its own contract. Leaving aside for the purposes of this discussion whether that is right or wrong, I still feel that if labour is put in a position where it may break some provincial legislation respecting its right to terminate its contract, it should be prosecuted only under the provincial legislation and should not, because of legislation passed in this House of Commons, become liable to prosecution for a criminal breach of contract.

This becomes of concern not only in situations where human life is endangered but also, as the hon. member for Kootenay East pointed out, in situations such as delaying the running of railway locomotives, or exposing valuable property to serious injury.

I think we can all be realistic enough to know that if there is a major strike in one of the leading industries in this country, a great deal of valuable property is going to be liable to serious injury. The very fact that that is so is the major weapon labour has to make its strike effective. Labour has to decide whether the loss of income it is going to suffer is worth while—has to weigh that against the amount of discomfort or injury that can be caused the employer.

That is just what a strike is. So far as I am concerned a strike is just the sort of thing that happens between nations when all negotiation breaks down and a state of war exists. Within the structure of economic life, that is what a strike is. I feel one has to face the reality of that situation. I know that in the last strike in which my own union was involved millions of feet of lumber were piled on the various docks and in the various yards of British Columbia, and they suffered serious injury. That was one of the main reasons in my opinion why the strike was so effective.

I cannot see why that should constitute a criminal breach of contract, in line with the underlying condition of this clause. My suggestion is that the clause be worded so that labour would be held responsible to observe its contract. Some time ago in the discussion the minister referred to wildcat strikes. Well, a wildcat strike that caused serious loss of life or bodily injury could possibly be considered as something subject to criminal charges concerning criminal breach of contract. But those last three lines as they are worded in effect mean that this parliament is, in many instances, taking away from the trade union bodies of this country the right to terminate their own contracts.

Some hon. Members: No.

Mr. Barnett: That is the reason I am concerned about it. If the amendment suggested by the minister had read in the words that I quoted a few moments ago then I would not have been unhappy about it.

I have been rather interested in following the line of argument that the minister has

pursued in suggesting that this clause is necessary, because it struck me in effect that he has been taking a very different tack from that which he has followed in the discussion of some other clauses of the code. On a number of occasions when the code has been discussed he has tried to suggest that we should not move into the field of provincial legislation by any provision of the code.

Mr. Knowles: He nods his head to that, too.

Mr. Barnett: On page 3632 of *Hansard* the minister said this during the discussion of the clause on pollution:

> For that reason we will find that if we are to draft a law of general application for Canada we are more severely restricted in the scope we can take in, because it has to be of general application.

I would submit that this is a case where that principle is equally as valid as he said it was in the case we were arguing at the time that he made those remarks. All in all, I feel the amendment he has proposed certainly does not meet the situation, and I think the minister would agree that it is the right and the duty of hon. members to take a good second look at this clause before it is put through; since it is possible that the labour congresses, in requesting that there be saving clauses, and in having provision made to put in saving clauses, may not have given as full consideration to all the possibilities as could have been given.

The position of the Canadian Congress of Labour has been pretty well stated, and without going into any of the details, I do know that on many levels those union bodies that are affiliated with the Trades and Labour Congress are giving a good deal of concern to this clause. I can say there are a good many of them who are not very happy. I am now speaking only of representations that have been made to me from within the province in which I reside. These things are in the minds of the trade union movements in British Columbia at the present time because there is a proposal to repeal and replace the conciliation and arbitration act that we have had in effect for a number of years by another act. Again without going into details, the fact that trade unionists from the province of Quebec have some concern as to the situation is something that we should give a good deal of attention to. Therefore all in all I do wish the minister could see his way clear to disentangle this saving clause from the present mixture with the legislative rights of the provinces.

Mr. Garson: Just for a moment may I reply to my hon. friend's remarks, the validity of which from his standpoint I recognize. I put this to him. He says that in several contexts I have been hesitant about legislating here with regard to any matters that came under the field of provincial jurisdiction, and that is quite right. But might I point out to him that neither the government, none of its supporters nor I am seeking at this point to write into the criminal law any new principle at all. This principle we are discussing has been in effect here for over 70 years; it is in effect now. The only question is as to whether it should be continued or not. There is no valid argument that I have heard that it should be discarded at this stage. At the present stage there is no saving clause at all. When we introduced Bill No. 7—

Mr. Knowles: Except the words "made by him".

Mr. Garson: Well, if my hon. friend regards that as a saving clause I will not argue with him on that point. I would not say I agree with him, but I leave him to that argument.

Mr. Knowles: And they have been deleted.

Mr. Garson: But when we introduced this Bill No. 7 to continue what has been in the law for over 70 years the trade union congresses appeared before our committee and said: We think we should have a saving clause in this legislation. And what we have said is—and I think it is fair—all right, we are quite willing to grant one. We did not say it quite that quickly. We considered it at some length, and then we agreed. Then, Mr. Chairman, after we had done some work upon it ourselves, knowing that the people who were directly concerned were the ones most likely, with their legal counsel of long years of experience, to have a pretty good idea as to what would be the proper wording of a saving clause of that sort, we went to them, that is to the employees' representatives, the trade union congresses, on the one hand and the employers' legal advisers on the other, and we conferred at great length with them in order to reach a wording which would provide the effective saving clause which they desire.

Now, I ask the hon. member for Comox-Alberni, who seems to be a fair gentleman, what more can we do than that? When we bring that clause in here and it does not meet with the approval of my hon. friend and some of his colleagues, I cast no aspersion upon him at all when I say I doubt whether

in the examination of the clause which they have performed in the last 2½ hours they are likely to have reached as carefully a considered view concerning it, as the counsel for the trades and labour congresses and the counsel for the Canadian Congress of Labour who presented briefs on it back on February 17, 1953, and have been considering it since that time, and have indicated in the letter which I read into the record, written to me after careful consideration on April 5, 1954, what their position was.

I mean no disrespect to my hon. friend when he offers the wording, or to any other hon. gentlemen who have offered wording of what they thought should be in the saving clause; I mean no disrespect to any of them at all when I say I would very much rather take the saving clause which has been worked out in these long consultations with the trade union congresses, and I think upon reflection that they will agree with me in that.

Mr. McIvor: I ask the minister whether the Trades and Labour Congress is agreeable to this.

Mr. Garson: Yes, indeed, they are certainly agreeable to it.

Mr. McIvor: I was once a member of the Trades and Labour Congress, and I was also at one time president of a union. I found the Trades and Labour Congress very sensible and reasonable folks, as much so as any other union in Canada.

Mr. Fulton: There is some confusion, I think, with respect to the matter of whether there is a change between the law in the section as it now stands and clause 365 of the bill which replaces section 499. Leaving out of account whether section 499 was mistakenly drafted, I would ask the minister certain questions which I believe will establish if there is a very important change in the law. I believe the minister will agree that clause 365 (1) paragraph (a) which covers the position of the person who wilfully breaks a contract and thereby endangers human life is not a new provision because it was covered by section 499 (1) paragraph (a). Is that correct?

Mr. Garson: That is right.

Mr. Fulton: Then clause 365 (1) paragraph (b) which covers everyone who wilfully breaks a contract having reasonable cause to believe that the consequences will be to cause serious bodily injury, is not, I suggest, a new offence, because that was covered also under section 499 (1) paragraph (a). Does the minister agree with that?

Mr. Garson: I do.

[Mr. Garson.]

Mr. Fulton: Then clause 365 (1) paragraph (c) covers the case of everyone who wilfully breaks a contract, etc., which has the effect of exposing valuable property to destruction or serious injury. I believe the minister will agree that that was covered under section 499 (1) paragraph (a) which covers the case of both employer and employee.

Mr. Garson: Right.

Mr. Fulton: Then I come to clause 365 (1) paragraph (d) which covers the case of everyone who wilfully breaks a contract the consequence of which is to deprive the inhabitants of a city or place, wholly or to a great extent, of their supply of light, power, gas or water. Now, I wonder if the minister will agree with me that that was covered in part by section 499, subsection 2.

Mr. Garson: Let me read it for a moment. Yes.

Mr. Fulton: My question is; is that covered by section 499—

Mr. Garson: Yes, in part.

Mr. Fulton: Would the minister agree there is an extension, or a difference if he likes, between section 499 subsection 2 and clause 365 (1) paragraph (d) to the effect that clause 365 (1) paragraph (d) now covers a breach of contract having effect where a breach of contract is committed by the employer or by the employee, whereas section 499 subsection 2 made a breach of such a contract an offence applied exclusively to employers.

Mr. Garson: No.

Mr. Fulton: Let me read the wording of section 499, subsection 2:

> Every municipal corporation or authority or company, bound, agreeing or assuming to supply any city, or any other place, or any part thereof, with electric light or power, gas or water, which wilfully breaks any contract made by such municipal corporation, authority or company, knowing or having reason to believe that the probable consequences of its so doing will be to deprive the inhabitants of that city or place or part thereof wholly, or to a great extent, of their supply of electric light or power, gas or water . . .

And so on. That surely cannot be taken to cover anything but a municipal corporation itself or a company or an authority?

Mr. Garson: I agree with that, but if my hon. friend will look at section 499 paragraph (b) he will see another coverage he might have overlooked.

Mr. Fulton: Yes, section 499 (1) paragraph (b) also covers paragraph (d) in part. Paragraph (d) was covered in part by two parts of section 499.

Mr. Garson: Would not the proper thing to say be that section 499 in subsection 1 paragraph (b) and subsection 2 purported to cover the whole field covered in clause 365 (1) paragraph (d).

Mr. Fulton: Yes, and paragraph (e) was covered previously by section 499 (1) paragraph (c).

Mr. Garson: That is right. Section 499 (1) (c) purported to cover what is now actually covered by clause 365 (1) (e).

The Chairman: Shall the amendment carry?

Mr. Knowles: There is one other point I wish to make with respect to the wording of the amendment proposed by the government this afternoon. Like my hon. friend from Kootenay East I am concerned about the situation when contracts or agreements allegedly run out, and I note particularly the words, "contained in or by law deemed to be contained in a collective agreement." My mind went back to something that happened in this parliament a few years ago and I sent out for a copy of chapter 1 of the statutes of the fall session of 1950. That was the bill known as the Maintenance of Railway Operation Act, the law that brought the railway strike of that fall to an end. In looking through this act I am reminded of one feature which was omitted from the legislation, and which we were very glad to see omitted, and that was that there was no provision for any penalties in that law in the event those affected failed to carry out the provisions of the law. The law said those affected shall do such and such, but, I suppose as a matter of tact, no penalties were included in the law.

Hon. members will recall some of us were against this legislation at the time. But I am not seeking to revive that debate. However, I note in section 5, subsection 4, of the Maintenance of Railway Operation Act of 1950 there is a rather lengthy wording, which I need not quote in full, but which says, in effect, that after the arbitrator has decided on any matter that has not been agreed on between the railway company and a union the railway company and the union shall give effect to such decision and conclude a collective agreement. It then goes on to say, and I quote:

> . . . and until they do so the collective agreement to which this act applies to which they are parties shall be deemed . . . to have been amended . . .

And so on. My point is that there is a case where a collective agreement, a contract, was amended, not by the parties concerned but by a law passed by this parliament. This parliament included in the law this provision that if the parties did not get together and do such and such a thing by a certain time and did not change their contract accordingly it was by law deemed to have been changed anyway.

Now I ask a question. It is hypothetical because the men went back to work and stayed at work and things seem to have been a little better since. But supposing the clause which is now before us in the name of the government had been on the statute books then. Am I not correct in assuming that these workmen would have been in a position, had they failed to carry out the terms of a contract deemed by law to be in effect, where they would have been guilty of a criminal breach of contract and subject to the penalty set out in this clause, which is five years.

It is that sort of thing, Mr. Chairman, that I find questionable about this phrase referring to contracts deemed by law to be in effect.

Mr. Garson: It was for precisely that reason that in working out any of these saving clauses we wanted to confer with the trade union congresses and their counsel. I have no excess of modesty when I say that their counsel know a great deal more about trade union law than I do. We wanted to make sure that, when they had requested a saving clause and when we had agreed in principle that it was proper that they should have it, we should confer with them as to the wording of the saving clause we were prepared to agree to. As to this railway case that my hon. friend has raised, I do not remember the details of it with sufficient precision to express any opinion. Perhaps he may remember it. As I recall it that statute was passed to carry into effect a sort of informal agreement—was it not—between all concerned to provide for the carrying on of the arbitration?

Mr. Knowles: No. That statute put people back to work. It amended the contract to a certain extent right away and left either to agreement or to settlement by an arbitrator the disputed points.

Mr. Garson: Yes; that is right.

Mr. Knowles: The position was that if the disputed points were not settled by agreement between the parties, the arbitrator was to make the decision and the contract was to be deemed to be amended by virtue of what the arbitrator decided.

Mr. Garson: Yes, that is right. Can my hon. friend think of a single case in which there is in existence in any province in Canada today any legislation that would have the same or a similar effect?

Mr. Knowles: I hope there is not, but there might be. The minister may smile, if he wishes; but that is the whole point; there might be.

Mr. Garson: I think if my hon. friend asks some of his lawyer friends or if he, not being a bad lawyer himself for an amateur, looks up the law himself, he will find that there is none. As I say, I do not know what precautions we could take or what attitude we could take that could be more fair than the one we have taken. I will admit that to the Canadian Congress of Labour it might not seem fair that we should not give effect to their request to forget all about this provision that for over 70 years had been in the law and just to wipe it out entirely. But then we could not do that and did not see our way clear to strike out these last three lines in the clause 365(2).

Mr. Knowles: Incidentally that is the C.C.L.'s second choice, is it not?

Mr. Garson: Yes, that is right.

Mr. Knowles: And it is also the second choice of the C.C.C.L.?

Mr. Garson: That is right.

Mr. Knowles: And it is also the second choice of a great many T.L.C. local union organizations?

Mr. Garson: I do not know as to that.

Mr. Knowles: I do.

Mr. Garson: I have been most frank with the trade union congress, with the employers' representatives and with the members of this committee in stating exactly what we have done. Short of taking out of the law this section which has been there over 70 years, I think we have done that which is in the best interests of everybody, including the members of the trade union congresses.

Mr. Fulton: Perhaps the minister and I could continue this discussion we were having previously, in which I said I thought I would be able to get him to agree that there is a change in the law. We had got down to subsection (d) of clause 365, having agreed that in the first three subsections there was no change. Then when it came to subsection (d) we agreed that it was covered in part, with respect to employers only, by section 499 (2). Then the minister referred to section 499(1)(b) and said that that covered the same point as is now contained in clause 365(1)(d).

Mr. Garson: No; I certainly did not say that it covered that; I said it purported to cover it, which is very different.

[Mr. Garson.]

Mr. Fulton: Purported to cover?

Mr. Garson: Yes.

Mr. Fulton: I am glad the minister corrected me. Will the minister agree with me that section 499 (1) (b) applies to companies making contracts to supply municipalities essentially and does not cover a contract made between an employee working in, let us say, an electric light plant, operating a dynamo, and his employer because the employee is not a party to any contract to supply electricity to a city.

Mr. Garson: Mr. Chairman, I have already said about four times that one of the difficulties in this connection was that the draftsmen in 1906, in revising this statute, made this mistake to which my hon. friend is now referring and by so doing made section 499 (c) not applicable to employees.

Mr. Fulton: I think the minister meant (b); he said (c).

Mr. Garson: I meant section 499 (b); they made it not applicable to employees; and similarly in (c). But that is the point that we were clearing up in the ordinary course of consolidating this statute. My hon. friend is quite right in that.

Mr. Fulton: To that extent, as I say,—without rehearsing the historical arguments or what was the intent of parliament back in 1906 whenever this section 499 (b) was first enacted in that form—the fact is that clause 365 (1) (d) extends to employees a liability for breach of contract covered in that group which previously did not apply to them; that is, the criminal law for breach of contract covered in that class of contracts did not previously apply to employees.

Mr. Garson: What clause 365 in Bill No. 7 does is this. It restores the conditions of the law, in so far as employees of utilities and railways are concerned, to that condition in which it was from 1877 to 1892 and from 1892 to 1906; and in so doing, it changes the position in which they were from 1906 until the present time.

Mr. Fulton: That is the whole point.

Some hon. Members: Question.

Mr. Fulton: I think that is a very serious point because it certainly makes a change in the law as it has been for the last 48 years. There can be no question about that, whether it was accidental in 1906 or not.

Mr. Garson: I am not arguing that there is any question about it. I agree with my hon. friend.

Mr. Fulton: I am glad the minister agrees because there have been occasions this afternoon when he has said "This has always been the law"; that is, that what is provided in clause 365 has always been the law. But it has not always been the law. It has not been the law for the last forty-eight years with respect to that particular class of contracts and the position of employees under those contracts. It therefore seems to me that there is room for question as to whether this is the right method of covering employees under that class of contracts. I suppose that the object is to prevent wildcat strikes and things that might almost amount to sabotage; in other words, pulling the switches in the power plant and suddenly depriving a city of its utilities without having gone through the proper processes of conciliation and so forth.

I wonder whether it is the proper thing to make that matter the subject of criminal breach of contract or whether, if that should ever happen or be done with that motive, it would not more appropriately fall within the class of prohibited acts. I wonder whether, even though it might have been by accident, section 499 was not better legislation than is clause 365 and whether, if the object is to deal with what amounts to sabotage, you should not deal with it in some other way rather than by trying this extraordinary method of making it a criminal breach of contract. At the same time that you do that you make it extremely difficult for men who are employed in that type of work to exercise what has been and is still regarded as their proper legal right to take advantage of a strike if they go through the processes of conciliation, arbitration and so on.

Now they can be prosecuted and can be required to show that they have complied with every step. All sorts of obstacles can be placed in their way in complying with those steps. I must say I think it might be better to go back to 499. Then there would be no question. No congress, nobody, employer or employee, union, company or anybody else could object to it because that has been the law for the last forty-eight years. If it is felt that there is a danger of wildcat strikes by irresponsible badly-led unions pulling the switches and walking out without a real industrial dispute ever having arisen, surely that should be included under the classes of prohibited acts. In other words, surely we do not want to cover in the criminal law the consequence of a genuine industrial disagreement. That is a matter of negotiation and bargaining. You give rise to all sorts of misunderstandings and misinterpretations if you put it in as a part of the criminal law.

Surely if your object is to prevent—well, I will be frank—communist-led unions from pulling the switches as an act of intimidation and violence, making it a criminal breach of contract is not the way to do it; the way to do it is to make it a prohibited act. I think you are mixing the two branches of law hopelessly by trying to do it in this way. I would sooner see clause 365 revoked, section 499 restored, and action taken under the prohibited acts section to deal with the thing which I think the minister must admit is really in the minds of the government when they are trying to do it in this indirect way.

Mr. MacInnis: I would not want anything I have said today to be taken as meaning that I believe that trade unions are above the law or that wildcat strikes should be countenanced. When strikes of that kind do occur today they are very often called primarily for political reasons, and we should not have protection in the law for that kind of thing. But we want the protection of the law for what has become a customary and traditional exercise of trade union activity.

I must say I am in agreement with the Minister of Justice when he says that he places a high value on the opinions of the executives of the national trade union bodies and their legal advisers. While I might hold a different opinion at any time I would have to hold it very strongly before I would go so far as to oppose their wishes. I want to ask the minister whether the three national labour bodies have asked for the change contained in the amendment now before us from what was in the bill when it came from the parliamentary committee. The provision found in clause 365 of the bill is in these words:

> . . . if, before the stoppage of work occurs, all steps provided by law have been taken through negotiation, collective bargaining, conciliation and arbitration.

What I want to know is whether the Trades and Labour Congress of Canada, the Canadian Congress of Labour and the Canadian and Catholic Confederation of Labour asked that those words be changed to what is found in the amendment, namely:

> . . . if, before the stoppage of work occurs, all steps provided by law with respect to the settlement of industrial disputes are taken and any provision for the final settlement of differences, without stoppage of work, contained in or by law deemed to be contained in a collective agreement is complied with and effect given thereto.

It seems to me that the words of the saving phrase as it appears in clause 365 of Bill No. 7 are quite simple and easy to understand, but it is an altogether different thing when you take the words of the amendment put before the committee by the minister this afternoon. Did the labour bodies ask for this change, and if they did not who insisted on the change being made?

Mr. Garson: We have seen these different labour bodies separately and together on different occasions. The wording which I moved this afternoon, as you can tell by the fact that we had to move it after the bill had been printed, is different from the one that we had made up our minds to use at the time the bill was printed. The present wording that we have here was the result of a meeting which was held in my office on Friday last with representatives of the three labour congresses and had to do with a number of suggestions, including the suggestion of a clause with respect to 365 which we had received a short time before from the Canadian and Catholic Confederation of Labour. When we got these we called in the other two groups to make sure that if possible anything we did from that point on would have the concurrence of all three.

At that meeting with the three congresses this wording was discussed as an alternative that we might use in this connection. We asked the Canadian Congress of Labour to take it away, examine it, and then write and let us know the order of their preference in connection with section 365. It was pursuant to that arrangement that we got the letter that I read into the record earlier this afternoon. That was after this wording had been discussed at the meeting and they had taken it away and considered it. They then wrote this letter to me.

The Canadian and Catholic Confederation of Labour did not write a letter but my assistant, Mr. MacLeod, was in oral consultation with them this morning and they indicated to him the information I read on the record so far as their stand was concerned. That is the way in which this wording was arrived at. It is the one which was discussed at the last meeting and which the Canadian Congress of Labour took away, had a look at, and then wrote me respecting it in these terms.

Mr. Knowles: In other words, this wording was not asked for by these bodies, but they have all seen it?

Mr. Garson: They have all which?

Mr. Knowles: They have all seen it.

Mr. Garson: Oh yes, seen it and discussed it at great length.

[Mr. MacInnis.]

Mr. Knowles: And they have all categorized it somewhere down the list?

Mr. Garson: No, I would not say that. I would not think that would be true of the Trades and Labour Congress of Canada. They were there and took no exception to it.

Mr. Knowles: The Trades and Labour Congress took no exception to this wording. The Canadian Congress of Labour accepted it as a third choice. Their first choice was no clause 365 at all. Their second choice was clause 365 without the last three lines that are now there.

Mr. Garson: That is right.

Mr. Knowles: All that can be said on behalf of the Canadian Congress of Labour—I am trying to interpret what the minister said—with respect to this amendment is that it is preferable to the old section 499, in their view.

Mr. Garson: That is right.

Mr. Knowles: The hon. member for Kamloops questions that. I suppose the most I can say is that I am surprised at that. As for the Canadian and Catholic Confederation of Labour, all we have, with respect, is hearsay evidence. It seems to me it is not very satisfactory. In view of the fact the minister has gone to great pains to tell us of his efforts to meet the views of labour and very eminent counsel, when we come to this extremely important question we have an amendment moved by the government at the eleventh hour on which the views of the various labour bodies are conditional, and it turns out to be a wording that is not satisfactory to us on the floor of the house.

Mr. Herridge: In view of the fact I quoted this afternoon from a brief written by Mr. Hurley, a barrister and solicitor in Vancouver, I want to explain, in view of the rather strong language Mr. Hurley used that somewhat annoyed the minister, that I find I am quite correct in saying he is a brilliant defence counsel. I have been informed also from a reliable source that he is a prominent member of the Liberal party and his wife is a perennial organizer.

Mr. Noseworthy: As the minister well knows, I opposed this clause in committee last year, and I am still opposed to it. I fail to see where the amendment suggested by the minister improves the section in any way. With his legal mind, he may be able to see that. The only advantage that I can see in the amendment he offers is that it will give lawyers something more to argue about.

I am opposed to this, Mr. Chairman, because as long as the code is geared to provincial labour laws employees will be able to enjoy certain rights in one province which will be a criminal offence in other provinces. You cannot escape that fact. In my opinion, when we are making a Criminal Code we should make sure that what is a crime in British Columbia is a crime in Ontario, Prince Edward Island or anywhere else. So long as this measure is geared to the provincial labour laws and dependent upon abiding by those laws, workmen in some provinces are going to be able to enjoy rights which, if workmen in other provinces attempt to enjoy, will be an offence under the Criminal Code.

On that basis I opposed it last year, and notwithstanding the executive council of the Trades and Labour Congress, I still oppose it. I might tell the minister that although he may take some comfort from the fact the executive council of the Trades and Labour Congress has given him their blessing on this section, the rank and file of trade unionists not only in that congress but in others who know anything about this clause are opposed to it. I have communications from locals within the Trades and Labour Congress indicating they do not go along with their own national executive on this question. The other congresses do not go along with them. The sum total of the provision in this Criminal Code is, whether the government wanted it or not, that they have a sharper and much more effective instrument for the government and the police to use against the unemployed in the next depression than they had in the last.

Amendment agreed to.

Mr. Gillis: Now that that amendment is out of the way—

Mr. Fulton: Well, I have an amendment—

The Chairman: Is the hon. member for Kamloops rising to speak on the amendment?

Mr. Fulton: No, I rose, Mr. Chairman, to speak on the clause as amended and then I understood the amendment had not carried.

The Chairman: The amendment has carried, and then I gave the floor to the hon. member for Cape Breton South.

Mr. Gillis: Now that the amendment is out of the way, I may say that I indicated when I made a few observations on this clause this afternoon that I was sending over to the Minister of Justice an amendment to subclause 2. He has had an opportunity of looking at it and I am wondering whether he might move it or whether I should move it. While there is a lot of validity to the argument that you are going to get different administrations in each province, nevertheless we cannot legislate here for the voters in British Columbia or Quebec; that is their responsibility.

What I am trying to do is to at least pin the responsibility for action under this clause upon the attorney general of the province in order that he will have the responsibility for seeing that the labour laws of the province are carried out and that employers are not able to circumvent the laws of the province. It is a simple little addition that is in a lot of clauses in the code now. I am just wondering whether the minister would be prepared to move this amendment or I should move it. It reads as follows:

> That clause 365 of Bill No. 7 be amended by adding thereto immediately after subclause 2 thereof the following subclause:
>
> (3) No proceedings shall be instituted under this section without the consent of the attorney general.

It might mean renumbering all the clauses and this might have to be subclause 2, and the last amendment we carried might be subclause 3. I shall leave that to the judgment of the minister. If he wants to move the amendment, that is all right. I know that governments do not look with favour upon someone amending their legislation.

Mr. Garson: I have no objection to my hon. friend moving that amendment, Mr. Chairman. The argument is sometimes put forward that a clause of this sort might be illegitimately used by an unscrupulous employer who could not get consent to proceedings under the labour code and would then turn around and make a flank attack by police court proceedings. An amendment of this sort would prevent that, and so far as the government is concerned we have no objection to it. If my hon. friend wants to move it we shall accept it.

Mr. Gillis: I would move that, Mr. Chairman, seconded by the hon. member for York South.

Amendment agreed to.

At six o'clock the committee took recess.

AFTER RECESS

The committee resumed at eight o'clock.

The Chairman: The committee was discussing clause 365. Shall the clause carry?

Mr. Knowles: Mr. Chairman, before the clause carries, there is one point which I think, for the sake of the record, should be

straightened out. If the clause had been already carried I might have had to raise this point on a question of privilege; but since we are still on the clause I can do it as part of the debate.

This afternoon, as the minister realizes, we were a bit surprised with respect to some of the things that he said as to the attitude of certain of the trade union people toward the amendment which he proposed to clause 365. In particular I was somewhat surprised at his indicating—perhaps it was a case of a misunderstanding between us—that the Canadian Congress of Labour preferred the amendment which he proposed this afternoon to the old section 499.

This afternoon I questioned the minister on that point, and I have been checking the record to see what we said. I find I asked the minister if it was clear that the C.C.L. people, as first choice, preferred no clause 365 at all, and the minister said that was the case. Then I suggested that their second choice, as he was indicating it to us from the letter he read from Donald MacDonald, secretary-treasurer of the Canadian Congress of Labour, was clause 365, without the three last lines. The minister agreed. Then here is the point where we got into difficulty: I asked the minister if, as a third choice, he was telling us that the Canadian Congress of Labour preferred his amendment, as he moved it this afternoon, to the old section 499. To that the minister's reply was, "That is right".

I might say that I have talked this matter over on the telephone during the recess, since six o'clock, with Donald MacDonald and with Maurice Wright, of the Canadian Congress of Labour, and they feel that the matter should be cleared up. When it came to their third choice, they preferred 365, as it was set out in the printed version that we have, or as it was amended this afternoon by the Minister of Justice, to the old provision as it was prior to 1906. But they did not prefer 365 in any form to the old section 499. And what they wish to have clear on the record is that in the recent negotiations 499, as it now is in the existing code, was not offered to them by the Minister of Justice. Indeed, Mr. Maurice Wright has sent to me, in case there is any necessity to produce the evidence, the two typewritten drafts which were offered to them. One of them is in the form in which it was passed this afternoon, and the other was a redraft of section 521 of the Criminal Code of 1892, as it existed prior to the revision of 1906. And it is that redraft of that old section 521 that the Canadian Congress of Labour rejected, out of hand.

[Mr. Knowles.]

When the minister put Donald MacDonald's letter on the record, that was clear. But in the later discussion it did seem to me the minister suggested—in fact his answer was specific in his reply to me—that the Canadian Congress of Labour preferred the amendment of this afternoon to the old 499. They tell me that if the old 499 had been offered to them they would have accepted that as their first or second choice, but 499 was never offered to them and therefore did not figure in that letter.

In other words, to get these choices lined up, what was passed by the house this afternoon was actually their fourth choice, so far as the Canadian Congress of Labour is concerned.

Mr. Garson: I am very thankful indeed that my hon. friend has raised this matter, because otherwise there would have been a pretty serious misunderstanding between him and me. I thought I had made it clear before my hon. friend asked the question—his first question to which he has just referred—that the old section 499 was out of the question because it was so defective in its application to the utilities and railways that it was completely useless, so far as they were concerned, for the purposes for which it was passed.

When my hon. friend asked his question —I know he did not intend it as a trap— what I had in mind, once 499 was eliminated as an alternative, was the restoration, as I thought I had already made clear two or three times, of the text of the code of 1892, in which code this section 521, which is referred to in Mr. Donald MacDonald's letter, is the relevant section. Section 521 of the 1892 code conforms to 499 of the present code which, in turn, becomes 365 of the bill before us. I must look up the blue copies and see the number of the section to which my hon. friend was referring; but certainly I had completely eliminated section 499 of the present code from my mind and thought we were discussing only 521 of the 1892 code. And that, of course, is the only one referred to in Mr. Donald MacDonald's letter which I put on the record. And I put myself in the position where I could not very well misrepresent the contents of the letter, because I had put it on the record. That was the first thing I did in connection with it.

Mr. Knowles: What was seriously wrong was the minister's statement that the Canadian Congress of Labour preferred this afternoon's amendment to the old 499. As the minister now makes it clear, the old 499 was not offered to them.

Mr. Garson: No, it never was.

Mr. Knowles: If it had been, it would have been their first or second choice.

Mr. Garson: It would probably be that, of course, because as regards about two-thirds of the whole section it would be quite inoperative. They might have preferred to have a section which was thus inoperative. But my hon. friend can see, if he reflects upon the matter at all, that there would be no purpose whatever from our standpoint in offering to the Canadian Congress of Labour a section 499, all the references in which to utilities and railways were completely defective. Why would we offer that?

Mr. Knowles: The minister will realize that this puts a quite different complexion on the significance of Donald MacDonald's letter.

Mr. Garson: Well, that is not correct. I do not know how I could have been more fair to the Canadian Congress of Labour than to read into the record their written letter.

The Chairman: Shall the clause as amended carry?

Mr. Fulton: There will be an interesting opportunity afforded now, because I propose to move an amendment that 499 be restored. We had it clearly established this afternoon, as a result of some questions and answers before six o'clock, that the present section 365 changes the law as it has been in operation since 1906.

Now the minister has said that what came into operation in 1906 came into operation by mistake, by oversight, by error in draftsmanship. That is very interesting. But I did not hear it suggested this afternoon, and I have not heard it suggested since 1945, when I came here, nor have I heard it suggested that the suggestion was made at any time prior to 1945, that section 499 was inadequate, and that there may be many defects in it of a nature which the government would have liked to cure, or that they might have proceeded under the cured section but found themselves unable to proceed because of the defect in that section.

If the minister would tell us, which he has not yet done, that there have been cases of wildcat strikes where they felt there was a serious gap in the law in that there was no section under which the situation could be adequately dealt with, they were trying to fill a loophole, then the thing might take on a very different complexion; but we have had no such suggestion this afternoon, nor have we been told that the law enforcement officers were conscious of serious defects from the point of view of enforcement and the preservation of law and order. We have been told that when they came to examine the situation they found that an error was made in 1906.

I suggest that the whole of the suggestion this afternoon establishes conclusively that the error, if there was an error in 1906, has created no anomalous situations; that it has not left the country a prey to disorders which should have been dealt with and which could not be dealt with, and so on. Therefore we are left with the stark and simple fact that we are creating a very substantial alteration in the law as it has existed for the last 48 years, and that we are now asked to bring into the realm of criminal law certain actions on the part of men who work in industry which up to now it has not been possible to deal with by way of criminal prosecution.

I stated this afternoon that the proper way to deal with these things was under the ordinary civil law regarding damages for breach of contract; or alternatively the penalties which might follow under provincial statutes dealing with labour relations or, if it was in the field of federal jurisdiction, which might follow from the statutes dealing with federal labour relations. I remain convinced that it is quite inappropriate to try to mix up the two sorts of law and get labour relations confounded and confused with illegal breaches of contracts.

For that reason I repeat the suggestion I made earlier, that if what is desired is to make it possible to deal with wildcat strikes which amount to acts of sabotage, then we should take the steps of dealing with them under the category of prohibited acts which is a well-established category of offences under the Criminal Code. That is where they should be dealt with, and the matter of the relation between employers and employees should not be a matter of criminal prosecution; it should be the subject of civil action. On the basis of that philosophy I therefore move, Mr. Chairman, that clause 365 be deleted.

Perhaps I might explain the purpose of my amendment. It is to delete clause 365 and substitute for it section 499 of the present Criminal Code. It will be appreciated that section 499 is a lengthy one. In single-spaced typing it occupies one and a quarter pages of ordinary size paper. But I may say to you, sir, and to the committee, that I have had this carefully compared with what is now in the Criminal Code as section 499, and I therefore suggest that I should be absolved from the necessity of reading the amendment in full, and that when you put the amendment it would not be necessary for you to read it in full, but that we should

deal with it on the basis that clause 365 be deleted and the following substituted therefor, and then to move the substitution in exactly the same words as appear in section 499. I appreciate that that will make necessary, if it were carried, a consequential amendment to a group of sections starting with section 49 on page 20 of the draft bill before us. That is the way I think it should be dealt with. We should deal with these possible disorders, if they should occur, under a group of sections covering the subject of prohibited acts. That is the way we feel it should be dealt with, not in the field of criminal liability or breach of contract.

Mr. Knowles: As one who prepared a similar amendment which we too were going to move, I wonder whether I might ask the hon. member for Kamloops if he left out the reference to hard labour and also whether he changed "His Majesty" to "Her Majesty"?

Mr. Fulton: Yes, I have changed the words "His Majesty" to "Her Majesty", but I did not leave out the reference to hard labour, for the reason that we also have had some discussion of this question with union organizations interested, and it was made quite clear to us that they would be very glad to see the restoration of section 499 in its present form; and they realized that if that were done, then the fact that it is necessary to provide some method of dealing with this question of wildcat strikes, that is now provided for by the section, would have to be dealt with somewhere else in the code; and they feel that the group of sections dealing with prohibited acts was the appropriate place to deal with it, and indeed the more appropriate place to deal with it, than in a section dealing with breach of contract. I am not going to quote anybody, but I am prepared to state and do state that the suggestion now put forward carries the approval of two of the labour organizations of Canada and I put it forward in exactly the same form as it is now for the purpose of avoiding controversies over matters of detail.

Mr. Garson: Before my hon. friend takes his seat may I ask him whether his proposal is to delete clause 365 from the bill and substitute for it the whole text of section 499 as it appears in the present code?

Mr. Fulton: That is right.

Mr. Garson: I ask the question because I find his act incredible. All afternoon we discussed a point which no person has disputed, because they could not, namely, that ever since 1906 section 499 (1) (b) and (c) have made no sense at all; they are just blithering nonsense.

[Mr. Fulton.]

Mr. Fulton: No, they are not.

Mr. Garson: If that is what my hon. friend wishes to put on the statute books, let us just read them.

The Chairman: Order. I cannot agree that I should not read in full the amendment which has been proposed by the hon. member for Kamloops. I thought I should say that before any further discussion took place, unless I have the consent of the committee to refrain from so doing. However, before reading the amendment, or before requesting the consent of the committee, I should like to draw attention to one question which is causing me some concern at the moment.

We have already agreed to two amendments which were put this afternoon, one to subclause 2 and one adding subclause 3. I would draw the attention of hon. members to citation 669 of the third edition of Beauchesne's rules and forms, which reads in part as follows:

> Each clause is a distinct question and must be separately discussed. When a clause has been agreed to it is irregular to discuss it again on the consideration of another clause.

And here more particularly may I draw the attention of hon. members to these words:

> Amendments must be made in the order of the lines of a clause. If the latter part of a clause is amended, it is not competent for a member to move to amend an earlier or antecedent part of the same clause.

Now, we have already amended subclause 2. I would think that the effect of the amendment proposed by the hon. member for Kamloops would be also to amend the antecedent part of subclause 1. Therefore, I am myself in some doubt at the moment as to whether I can accept the amendment, and as to whether it is in order.

Mr. Fulton: May I point out, Mr. Chairman, in reply to that point of order that the effect of the amendment is not to amend the clause in particular or in detail but, as is said in the words of the amendment, to delete the clause entirely. It reads: "That clause 365 be deleted and the following substituted therefor." Therefore, I am not seeking in this amendment to amend an earlier subclause of clause 365, or indeed any particular subclause. I am moving that the whole clause be deleted and another clause be substituted therefor.

I have waited until the other amendments were disposed of because if I had felt these amendments made the clause generally acceptable then it would not have been necessary to move this amendment. But these amendments do not, in my view, make the clause acceptable. I am therefore moving that the clause be deleted. Perhaps my

amendment should read that clause 365, as amended, be deleted and the following substituted therefor.

I respectfully submit that the citation to which you have referred does not apply. If I were now seeking to amend subclause 1 of clause 365 then the citation would apply, but I am not doing that. As the text of my amendment makes clear I am seeking to delete the whole clause.

Now, sir, with respect to the question of whether Your Honour should read the whole amendment it is quite immaterial to me. I was merely seeking to save the time of the committee and I would point out to any hon. member who wishes to know what is in my amendment that he can find it in its exact form simply by referring to section 499 of the present Criminal Code. I therefore suggest it is not necessary for Your Honour to read the amendment, though it is a matter of no moment to me.

Mr. Garson: My hon. friend pointed out a few moments ago, and quite correctly, that section 499 in the present code in subsection 2 makes it clear that the municipality or company supplying light, power or gas is liable under this section if it wilfully breaks a contract to supply that gas, and therefore the position of the employing company is taken care of by subclause 2 of clause 365. However, subparagraphs (b) and (c) of section 499 of the present code deal with the case of the employee of a utility company or the employee of the railway company wilfully breaking his contract of service. I think it will be seen when I read the language of that subclause that it would be nonsensical for this parliament to pass the amendment which my hon. friend from Kamloops seeks to put on the statute books to read in this way:

> Every one is guilty of an offence punishable on indictment or on summary conviction before two justices and liable . . .

And so on, who—

> (b) being bound, agreeing or assuming, under any contract made by him with any municipal corporation or authority, or with any company, to supply any city or any other place, or any part thereof, with electric light or power, gas or water, . . . wilfully breaks such contract . . .

In other words, the section dealing with the employee defines him as being a person who is going to supply power, electricity or water, and it is because of that drafting blunder in the 1906 revised statutes that it is necessary in the present bill to bring in language which cures that defect.

Then, so far as railway contracts are concerned, it reads:

> Every one is guilty who
> (c) being bound, agreeing or assuming, under any contract made by him with a railway company, or with Her Majesty, or any one on behalf of Her Majesty, in connection with a government railway on which Her Majesty's mails, or passengers or freight are carried, to carry Her Majesty's mails, or to carry passengers or freight, . . . wilfully breaks such contract . . .

Obviously the employees of a railway company do not themselves make a contract to carry Her Majesty's mails. George Jones the conductor, or Bill Smith the locomotive engineer, does not make a contract to carry Her Majesty's mails. It is because of the defective manner in which those contracts are ascribed to the railway employees rather than to the railway company that this section is defective and inoperative. That is what we are trying to cure in the bill now before us. What my hon. friend's amendment would do would be to strike out the efforts we have made to cure these serious defects and restore this defective legislation to the statute books. On that ground alone I believe that the course which he recommends is ridiculous and that the hon. member's amendment should therefore be defeated.

Mr. Byrne: On a point of order, Mr. Chairman, if this amendment is being accepted for discussion I believe it is important that it should be read into the record. I believe there has been a great deal of confusion because—

The Chairman: Order. Perhaps I was at fault. I understood the Minister of Justice was rising to a point of order. Do I understand the Minister of Justice wishes to speak to a point of order?

Mr. Garson: No, Mr. Chairman. I do not wish to interrupt my hon. friend's point of order.

Mr. Byrne: Mr. Chairman, as I was saying, I believe there has been a great deal of confusion in the minds of hon. members in that they do not know what appears in the present section of the code.

The Chairman: Order. Then I must read the amendment proposed by the hon. member for Kamloops.

Mr. Fulton: I would point out, Mr. Chairman—

The Chairman: Order.

Mr. Fulton: —that the text of the amendment will appear in *Hansard*.

The Chairman: Order. Apparently there is not unanimous consent so I must read the amendment. It is moved by Mr. Fulton:

That clause 365 be deleted and the following substituted therefor:

"Every one is guilty of an offence punishable on indictment or on summary conviction before two justices and liable on conviction to a penalty not exceeding one hundred dollars or to three months' imprisonment, with or without hard labour, who

(a) wilfully breaks any contract made by him knowing, or having reasonable cause to believe, that the probable consequences of his so doing, either alone or in combination with others, will be to endanger human life, or to cause serious bodily injury, or to expose valuable property, whether real or personal, to destruction or serious injury; or

(b) being bound, agreeing or assuming, under any contract made by him with any municipal corporation or authority, or with any company, to supply any city or any other place, or any part thereof, with electric light or power, gas or water, wilfully breaks such contract knowing, or having reasonable cause to believe, that the probable consequences of his so doing, either alone or in combination with others, will be to deprive the inhabitants of that city or place, or part thereof, wholly or to a great extent, of their supply of power, light, gas or water; or

(c) being bound, agreeing or assuming, under any contract made by him with a railway company, or with Her Majesty or any one on behalf of Her Majesty, in connection with a government railway on which Her Majesty's mails, or passengers or freight are carried, to carry Her Majesty's mails, or to carry passengers or freight, wilfully breaks such contract knowing or having reason to believe that the probable consequences of his so doing, either alone or in combination with others, will be to delay or prevent the running of any locomotive engine, or tender, or freight or passenger train or car, on the railway.

2. Every municipal corporation or authority or company, bound, agreeing or assuming to supply any city, or any other place, or any part thereof, with electric light or power, gas or water, which wilfully breaks any contract made by such municipal corporation, authority, or company knowing or having reason to believe that the probable consequences of its so doing will be to deprive the inhabitants of that city or place or part thereof wholly, or to a great extent, of their supply of electric light or power, gas or water, is liable to a penalty not exceeding one thousand dollars.

3. Every railway company, bound, agreeing or assuming to carry Her Majesty's mails, or to carry passengers or freight, which wilfully breaks any contract made by such railway company, knowing or having reason to believe that the probable consequences of so doing will be to delay or prevent the running of any locomotive engine or tender, or freight or passenger train or car on the railway, is liable to a penalty not exceeding one hundred dollars.

4. It is not material whether any offence defined in this section is committed from malice conceived against the person, corporation, authority or company with which the contract is made or otherwise.

That is the amendment proposed by the hon. member for Kamloops. I previously expressed some doubt as to whether or not this amendment offended against citation 669 in that it might be deemed to refer to an antecedent part of a clause after a later part of the clause had already been amended. I do not think I will make a ruling at this time. I think possibly I will allow the amendment to stand.

Is the committee ready for the question?

Some hon. Members: Question.

The Chairman: The question is on the amendment proposed by Mr. Fulton. Shall the amendment carry?

Amendment negatived: Yeas, 33; nays, 68.

The Chairman: Shall the clause as amended carry?

Mr. Barnett: I do not intend further to debate the clause at this time, Mr. Chairman, but I should like to move the following amendment:

That clause 365 of Bill No. 7 be amended by deleting therefrom subclause 2 as amended and by substituting therefor the following:

"2. No person wilfully breaks a contract within the meaning of subsection 1 by reason only of

(a) being an employee of an employer he stops work as a result of the failure of his employer and himself to agree upon any matter relating to his employment, or

(b) he stops work as a result of his having part in a combination of workmen or employees for their own reasonable protection as such workmen or employees."

The Chairman: Hon. members will recall that I expressed some doubt whether the amendment proposed by the hon. member for Kamloops was in order by reason of citation 669. If I may, I should like to read the latter words of that citation once more:

Amendments must be made in the order of the lines of a clause. If the latter part of a clause is amended, it is not competent for a member to move to amend an earlier or antecedent part of the same clause.

May I point out to hon. members that we have already amended the latter part of this section, according to the amendment this afternoon. I therefore must declare this amendment to be out of order. Shall the clause as amended carry?

Mr. Knowles: On division.

Clause as amended agreed to on division.

Clauses 366 and 367 agreed to.

The Chairman: We now proceed to group 1, clause 206.

Mr. Garson: I wonder if I might have the unanimous consent of the committee to reopen clause 410. I do so because, in the conference last Friday to which I have already referred, representations were received by us from the Canadian and Catholic Confederation of Labour with regard to the effect of providing clause 410 of the bill in place of section 590 of the present code. They were deeply concerned lest in this clause which is very important from the standpoint

of organized labour, the change in wording which was effected by clause 410 in some ways prejudiced the rights of labour at present enjoyed under section 590. This argument had not previously been addressed to us—

The Chairman: Order. I am sorry to interrupt the minister but may I ask whether the minister has leave to revert to clause 410?

Some hon. Members: Agreed.

On clause 410—*Saving.*

Mr. Garson: As I was saying, this argument had not been previously addressed to us but it seemed to us in the government that in a bill which will require for its effective operation a feeling on the part of those concerned that they have been fairly dealt with by it, it was probably better to restore the language of section 590, rather than to have any misunderstanding in the matter. We cleared this matter with the other two labour congresses, and I would accordingly ask my colleague the Minister of Labour to move the following amendment:

That subclause (1) of clause 410 be deleted and the following substituted therefor:

"410 (1) No person shall be convicted of the offence of conspiracy by reason only that he

(a) refuses to work with a workman or for an employer, or

(b) does any act or causes any act to be done for the purpose of a trade combination, unless such act is an offence expressly punishable by law.

Mr. Gregg: I so move, Mr. Chairman.

Mr. Fulton: Will the minister explain to us what is the effect of this transposition, because that is all it is. It is the taking of the words "except where otherwise expressly provided by law" from the introductory words of the subsection and putting them in at the end in the form "unless such act is an offence expressly punishable by law" and in addition eliminating the words "in restraint of trade" where they qualified previously the word "conspiracy", the phrase being "conspiracy in restraint of trade". What is the effect of that transposition?

Mr. Garson: Mr. Chairman, I do not think that there is any real change in substance by this new wording. The fact of the matter is that with respect to section 590 of the Criminal Code, which in effect says that a trade union shall not be a combination in restraint of trade—that is the great principle for which the trade unions have always fought—I think there was a suspicion—

Mr. Knowles: The minister keeps saying 590. Does he not mean 409?

Mr. Garson: I mean 590 of the present code—that in changing from the wording of 590 of the present code to 410 of the bill the new wording had changed the sense. Therefore we said: Well, we will not argue on that score; we will change it back to the old wording. That is what we have done. Since there was no change in substance in changing from the wording of 590 in the present code to 410 in the bill, there is no change in substance by changing back again, and it reassures the congresses concerned that their rights are still intact.

Mr. Fulton: In other words, this is one occasion on which the minister is prepared to admit that the draftsmen of the old statute did not do such a bad job after all. On that basis I would be quite prepared to consent to the amendment.

Mr. Garson: I was not admitting that. I was simply saying—

Mr. Casselman: Do not talk it out.

Amendment agreed to.

Clause as amended agreed to.

The Chairman: We will now proceed with group 1, and the first clause is clause 206.

On clause 206—*Punishment for murder.*

Mr. Knowles: Before this clause is put to the committee, may I say that this is one of the clauses that I asked to be allowed to stand in case the committee dealing with capital and corporal punishment and lotteries should happen to finish its work before we reached this stage of our dealings with the Criminal Code. That has not happened, so I realize that the committee and the house must decide whether or not to re-enact this clause which provides for capital punishment. It is not my purpose to endeavour to launch a debate on the question now but I wish to indicate that, as far as I am concerned, if the house wishes to enact it I am opposed to it.

Mr. Winch: I want to say a word or two on this clause. I am a member of the special committee, but I understand completely that we have to have something in the code until the committee has reported and a decision has been made by the government and the House of Commons on the question of capital punishment. But because of my opinions I cannot vote in favour of what is now before us, and therefore I should like to ask the minister if he will not consider making provision for the suspension of capital punishment under the code until the committee has made its report?

Mr. Garson: I do not think that I really have anything to add at the present time to the answer I gave my hon. friend on the previous occasion. As I explained then, I think it would be highly improper for the

executive by its own action to change the law which under our system of government only parliament can change. That being so, I cannot give my friend any different answer from what I gave him on the previous occasion. I think I should say that I believe it was generally understood by all members of the house when we set up the joint committee of the House of Commons and the Senate and the royal commission on the rule in M'Naghten's case that none of us would be forsaking our principles or voting against them by providing some section in the code as it stands until we had received the reports from the committee and the royal commission.

I know the difficulty of my hon. friend's position. I respect him very much for having sincere views and feeling very deeply about them, but I do not think that any of us compromise our principles in continuing the present law under these heads until we get the reports from these other bodies.

Mr. MacInnis: I feel that I am in the same position as the hon. member for Vancouver East but yet I agree that the position taken by the minister is correct. I think to suspend laws of this kind would be a very dangerous thing for the executive to do at any time. While I am opposed to capital punishment, I think we will have to let this section stand as the law is today, and I will salve my conscience by saying, "on division".

Mr. Winch: I want to make one other statement. As the minister and the hon. member for Vancouver-Kingsway have stated, I have certain definite ideas and opinions on this matter, but I want it to be very clearly understood that as a member of the committee of the House of Commons I am keeping an entirely open mind and will judge on the evidence. However, because there is a committee considering this matter I thought that the death sentence might be done away with until the committee was able to report.

The Chairman: Shall clause 206 carry?

Mr. Knowles: On division.

Clause agreed to on division.

Clause 289 agreed to on division.

Clauses 641 to 643 inclusive agreed to on division.

Mr. MacInnis: On a point of order, Mr. Chairman, citation 669 in Beauchesne, third edition, has been brought into operation on several occasions during the discussion of this bill. If the chairman will look at that citation he will see that besides preventing amendments except in the proper sequence it also provides that the marginal notes of sections should be read by the chairman. I think that is important so that we may know what the particular section involves. We are not all conversant enough with the Criminal Code to know by the mere reading of the number of the clause what is involved in it.

Clause 644 agreed to.

Clause 645 agreed to on division.

Clause 646 agreed to.

Clause 647 agreed to on division.

Clauses 648 to 651 inclusive agreed to.

Clauses 652 and 653 agreed to.

Clause 661 agreed to.

Mr. Garson: May I again ask the indulgence of the members to move an amendment to clause 400. In order to do that, we would have to reopen the clause and I must, in all frankness, say that this is a matter which has arisen within recent days. I shall have to get the unanimous consent of hon. members to reopen the clause.

The Chairman: Has the minister leave?

Some hon. Members: Agreed.

On clause 400—*Printing circulars, etc., in likeness of notes.*

Mr. Garson: I feel that I cannot do better than to read a letter from the deputy governor of the Bank of Canada in support of this amendment. I shall ask the Minister of Finance to move this amendment which reads as follows:

That clause 400 of Bill 7 be amended by adding thereto, immediately after subclause (1) thereof, the following subclauses:

"(2) Everyone who publishes or prints anything in the likeness or appearance of

(a) all or part of a current bank note or current paper money, or

(b) all or part of any obligation or security of a government or bank, is guilty of an offence punishable on summary conviction.

(3) No person shall be convicted of an offence under subsection (2) where it is established that, in publishing or printing anything to which that section applies,

(a) no photography was used at any stage for the purpose of publishing or printing it, except in connection with processes necessarily involved in transferring a finished drawing or sketch to a printed surface,

(b) except for the word 'Canada', nothing having the appearance of a word, letter or numeral was a complete word, letter or numeral,

(c) no representation of a human face or figure was more than a general indication of features, without detail,

(d) no more than one colour was used, and

(e) nothing in the likeness or appearance of the back of a current bank note or current paper money was published or printed in any form."

Mr. Abbott: I so move.

Mr. Garson: Now, the explanation for this is contained in a letter from Mr. J. E. Coyne, the deputy governor of the Bank of Canada, addressed to K. W. Taylor, deputy minister of finance, at Ottawa, reading as follows:

We have noticed an increasing tendency for people to produce photographs and other reproductions of Bank of Canada notes, either for use in connection with commercial advertising or for some other purpose or just as a matter of interest or curiosity. In such cases the makers and users of the reproduction have no intention of passing off the pictures as currency or of making any wrongful use of the negatives or plates used in producing them. We believe, however, that it would be highly desirable if reproduction of Canadian currency in this way could be prevented. For one thing, every such action tends to encourage others to imitate them or to think up new ways of making representations of currency, and generally cheapens the position of bank notes in the public eye. For another thing, once plates have been made, though for the most innocent purpose, they may pass into wrongful hands and be put to a wrongful purpose by persons who would not be able to produce the plates themselves.

Mr. Fulton: I am a believer in the principle, and I think the minister has subscribed to this principle on other occasions, that you should not go around creating criminal offences unless it has been reasonably clearly established there is a need for them. I have not heard the minister say anything yet to establish that this section will plug a loophole or fill a gap—

Mr. Abbott: Let the minister finish reading the letter.

Mr. Fulton: I thought he had finished when he sat down.

Mr. Abbott: I thought he sat down when you got up.

Mr. Fulton: I am not like the Minister of Finance; I do not interrupt.

Mr. Garson: The letter is quite a long one but perhaps I had better read the whole thing. I thought the first paragraph was quite convincing so far as I was concerned, but I am probably more gullible than the hon. member for Kamloops. The letter reads:

As a practical matter, however, it seems that such use cannot be entirely prevented because of the lack of a workable definition of what constitutes a "reproduction". For this reason representations that vary in their approximation of reproduction will continue to appear unless the law can be made more definite and more enforceable.

In the past when advertisements and other material have come to our attention we have referred the matter to the Department of Justice. The department apparently takes the view that, except in actual case of intent to pass off false notes as genuine, they are unable to carry on a successful prosecution under the existing sections of the Criminal Code even in the case of exact photographic reproduction. The consolidation of the Criminal Code now before parliament somewhat changes the existing provisions and in our opinion renders the law in this regard even less effective than before. We have discussed this matter in general terms with representatives of the Department of Justice, who say they are unable to prepare a more satisfactory clause under instructions from the Minister of Justice that no amendments of substance are to be made to the Criminal Code in the present bill.

The new series of Bank of Canada notes will be put into circulation in September of this year and will occasion a good deal of public comment. The newspapers and others will no doubt wish to publish photographs and other reproductions of the new notes. Technically, they would be breaking the present criminal law in doing so but apparently would not be subject to prosecution.

In this connection, we propose to meet the "news" problem by giving the papers an outline drawing showing the shape and position of all major elements on the face of the new notes, which may be used to illustrate written descriptions and stories. We shall provide such drawings in proof, mat and plate form, according to the wishes of each paper. We believe this is as far as representation should go, but fear that some papers, and some commercial concerns seeking to take advantage of the publicity of the new issue, will indulge in a wide variety of simulations ranging as far as exact photographic reproduction.

We would think it highly desirable that the law in this regard be established on a more satisfactory basis than at present. We suggest that the Criminal Code should contain an absolute prohibition against photographing Bank of Canada notes, and also against reproducing them in any other way if such other reproduction exceeds the limits of permissible "simulation" set down on the attached memorandum. These limits would have the effect of defining more clearly the nature of what would constitute a reproduction and consequently provide better grounds for prosecution. The representations made possible could not conceivably be diverted to wrongful use. Finally, "simulation" within the limits would enable reasonable illustrative representations to be made for either news or advertising purposes. Since simulation would be an approximation of appearance only this would preclude commercial use of the more objectionable sort which usually depends on a close facsimile treatment.

Mr. Fulton: It is difficult, Mr. Chairman, to grasp the whole of the problem from the letter or to grasp the seriousness of the problem outlined to us merely from the reading of the letter. We have had no previous notice and no opportunity to study the problem. But I should imagine that the fact that a whole new series of bank notes is to be run off, in view of the accession of Her Majesty, will create a great deal of interest. People will want to see them illustrated or reproduced in the newspapers. Therefore a real problem will be created.

This is a quite complicated section and deals with a very difficult matter, namely the general subject of counterfeiting. I am going to suggest that because it is so difficult to deal with, and to ensure that we have not made a change that will either go too far or fall short of what is necessary, in view of

the fact that the banking and commerce committee is now sitting, and as this is not a matter involving only legal considerations but one involving also questions of counterfeiting and the like, the sections in this amendment might be referred to the banking and commerce committee, discussed there and reported back.

We have completed our discussion of the rest of the code. This is new and comes before us just at the last moment. As the Minister of Finance is here, perhaps the two ministers might confer on my suggestion.

Mr. Abbott: I understand this bill is to go from this house to the other place. The section before us is one to which the Bank of Canada attaches some importance, particularly because, as the house knows, we are bringing out a new series of Bank of Canada notes in September. They will be rather different from the present Bank of Canada notes. I should not anticipate what they will be, but I have approved the designs.

Mr. Knowles: How much will they be worth?

Mr. Abbott: Oh, they will be, as they always have been, the strongest currency in the world. They will represent characteristic Canadian scenes. I think it is important that there should be a proper provision in the Criminal Code to prevent facsimile reproductions of currency, because a good many people are easily taken in by that sort of thing, and they are protected by the provision in the Criminal Code.

I would say there would be no objection to the suggestion that the proposed amendment should be looked at by the banking and commerce committee, and perhaps the deputy governor of the Bank of Canada might go there and elaborate upon the reasons he has given in the letter to my deputy minister. I do not suppose the house would want it to come back here. If the banking and commerce committee were satisfied with the explanation, it could be referred to the other place and dealt with there.

So far as I am concerned I would be happy to have the officers of the Bank of Canada report before the banking and commerce committee the reasons they feel proper provisions should be put in the Criminal Code now to prevent the facsimile reproduction of Bank of Canada notes.

Mr. Fulton: I wish to assure both ministers that there is no dispute either on my part or that of the official opposition as to the necessity for some such provision. It is just that this is a quite complicated matter and we would like to know what the mechanics of the procedure would be.

Mr. Garson: May I suggest that it might be wise if my colleague were to withdraw his amendment. This text might be submitted to the committee on banking and commerce and discussed there. Then when the bill goes to the other place, as it will have to do, and be considered there clause by clause, it would be a simple matter indeed for the Senate to put in a Senate amendment. That would be passed in due course and come back to the House of Commons.

Mr. Fulton: In other words you suggest that we should approve of it.

Mr. Garson: No.

Mr. Knowles: It will have to come back to us afterwards.

Mr. Abbott: We will have the Senate put the amendment in. Then it will come back here to us.

Mr. Knowles: Will the Senate do whatever you want them to do?

Mr. Abbott: It may refuse it.

Mr. Knowles: We know they do your bidding; but we are surprised you admit it.

The Chairman: Is it understood that the amendment is to be withdrawn?

Mr. Abbott: Yes, I will withdraw the amendment.

The Chairman: Has the minister leave to withdraw the amendment?

Some hon. Members: Agreed.

Amendment withdrawn.

Section agreed to.

Title agreed to.

Bill reported.

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

Some hon. Members: Now.

Mr. Fulton: No.

Mr. Deputy Speaker: When shall this bill be read a third time? Next sitting?

Mr. Fulton: Agreed.

Mr. Abbott: By leave, now.

Some hon. Members: Now.

Mr. Garson moved the third reading of the bill.

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, before the bill is read the third time, there are a few things I wish to say; and I shall move an amendment to the minister's motion for third reading of the bill.

As hon. members are aware there are a great many clauses in this bill, which we have been considering now for a long time, to which we take no objection. Indeed, we are pleased that so much effort has been put into the process of revising and consolidating the Criminal Code, so as to bring it up to date. Many parts of it have been improved immeasurably, and that is due to the tremendous amount of work that has been put into it by all those who have taken part in the effort over the last four or five years.

Nevertheless there are some features in the bill to which we take very strong objection. Those features are perhaps well known, in view of the objections we have been raising in the committee of the whole during the last few days. It is not my purpose to suggest that the time of the house be taken on a series of third reading amendments with a view to testing the house on all the clauses to which we take objection. However there are two particular clauses which we feel should be reconsidered; and when we say we feel they should be reconsidered we mean either that they should be deleted altogether or that they should be amended.

It will be the purpose of the amendment I shall move in a few minutes to place our opposition to those clauses before the house. However, before doing so may I point out that our quarrel with the bill in the form in which it is now before us is not limited to the two subjects which will be mentioned in the amendment I shall move, nor is it limited to the matters I will mention in these few minutes tonight.

However, Mr. Speaker, we have pointed out during the course of the discussion this week that we are not satisfied with the clauses in the bill that deal with such subjects as sedition, treason and the reading of the riot act. We feel, despite the case the government has endeavoured to put forward with respect to these sections, that the question of civil liberties, the question of freedom of speech, and the whole question as to whether or not force and suppression might be used against our people in time of economic difficulty, as well as other important questions, are involved in these matters. We pointed out that we felt that the clauses dealing with sedition are worded too ambiguously; that they make possible the defining in some instances of legitimate attempts at reform as sedition. We felt that the sentence provided with respect to sedition, namely, fourteen years, is too great, too severe, particularly in view of the way in which this offence is defined. In that connection we have already registered our objection to the fact that the sentence for seditious utterances has been increased twice in the last three years. The penalty was two years up until 1951. In 1951 it was increased to seven years; by this bill it is being increased to fourteen years.

Similarly, Mr. Speaker, we feel that the clauses having to do with treason include too many offences under that heading. We pointed out when we were in committee of the whole that we were very interested in the history of the law of treason which the minister gave. We appreciated the point he made when he indicated that across the years we have moved in the direction of narrowing the number of offences that are to be defined as treason. We feel that in this bill there is a reversal in that course of history and we object, as I say, to the greater number of offences now being included under the heading of treason.

Likewise, Mr. Speaker, we feel that the sections dealing with the use of force to suppress troubles and difficulties, particularly the sections dealing with the reading of the riot act, are too severe. When we were in committee of the whole it was pointed out that the authority, the right, under certain circumstances to read the riot act is extended right down to the deputy of a sheriff. We pointed out also that the penalty provided for those who fail to disperse when the riot act is read, or at least within thirty minutes of the reading of the riot act, is life imprisonment, which again we feel is too severe. We associate these sections of the code that deal with the reading of the riot act, as well as those related to sedition, with instances in our history related to economic difficulties and economic disturbances, and for these reasons we regret that our opposition to some of the terms in these sections was not given greater consideration by the government.

However, Mr. Speaker, as I have already indicated, it is not my purpose to move an amendment which would attempt to cover all of the things that we think are wrong with the bill in its present form, but rather it is my purpose to move an amendment which will cover the two greatest shortcomings, which will deal with the two clauses in the bill which we feel are most important, particularly to organized labour. These two are the clauses dealing with criminal breach of contract and with mischief. We dealt with these two clauses yesterday and today, one of them being clause 365 on which we spent

most of today, and the other being clause 372 on which some time was spent last evening.

As the hon. member for Kamloops (Mr. Fulton) pointed out last evening, and my colleague, the hon. member for Vancouver-Kingsway (Mr. MacInnis) pointed out earlier today, the clause dealing with mischief, clause 372, is one that attempts to combine some 15 clauses of the old code containing some 50 different offences, and it has put them all in one pot of porridge, which the hon. member for Kamloops suggests is served up without any salt. In addition to the fact that there is a lack of definiteness as to the offences covered under this catch-all clause, we feel that it is a dangerous one in so far as labour relations are concerned. We agree with the labour people who have asserted that this clause is properly named, that it is a mischievous clause, and we feel that it should not be in a code being enacted by parliament in the year 1954.

Likewise we feel, Mr. Speaker, that the government has not really faced up to the issues involved in the debate that has taken place in the committee of the whole today, during which we have contended that labour matters should not be in 365, dealing as it does with criminal breach of contract. This clause is extremely important to organized labour and I submit for the consideration of the house that what is important to organized labour is important to the economy and the well-being of Canada as a whole. Therefore, Mr. Speaker, we feel that the house should have an opportunity to express its view, at least in general terms, with respect to these last two clauses, these last two subjects about which I have been speaking.

At this stage there is only one course left for us to follow, and I propose to follow it and to give the house an opportunity to record its approval or disapproval of these two clauses as they now stand. I am not suggesting to the house that all hon. members have to agree with any particular alteration in these clauses that we might suggest, but I am urging the house to agree with us that in their present form clauses 365 and 372 are unacceptable and should not be included in the Criminal Code. Therefore, to bring this matter to a head, and to give the house an opportunity to express its view on these clauses, I move, seconded by my colleague, the hon. member for Vancouver-Kingsway:

That Bill No. 7 be not now read a third time but that it be referred back to the committee of the whole house, for the purpose of reconsidering clause 365, dealing with breach of contract, and clause 372, dealing with mischief.

Mr. Daniel McIvor (Fort William): Mr. Speaker, I should like to say just a word.

[Mr. Knowles.]

The minister has shown remarkable patience. I have not seen anything like it since I came into the house, patience not only in the house but outside, and I am disappointed that this amendment now comes in.

The minister discussed the question of labour with the three outstanding unions in Canada, and brought in amendment after amendment to suit the Trades and Labour Congress of Canada, but it did not suit all the others completely, which would be a very difficult thing to do.

While I admire the C.C.F. in a good many ways, they remind me now of two teams who had thrown their best into the game and then because one side lost they complained bitterly. Now we have this amendment and I think it is discourteous to the minister. I do not know that I can make my attitude any plainer than that.

Mr. Winch: We never say die.

Mr. Angus MacInnis (Vancouver-Kingsway): Mr. Speaker, may I assure the hon. member for Fort William (Mr. McIvor) that the last thing I would not only agree to do here but even think about would be to do anything that would be discourteous to the Minister of Justice (Mr. Garson). But let me also assure him that as long as we believe that the bill before us can be improved we would be unfair not only to ourselves but to the people of Canada, to the people who sent us here, no matter how few they are, if we failed to use the facilities of this house to the best advantage possible to improve this bill. If hon. members do not agree with what we are asking the house to do now then they will, of course, express themselves in that way and the democratic principle of our parliamentary institutions will have gone the full round.

The hon. member for Fort William referred to the patience shown by the Minister of Justice in piloting this important bill through the house, while he brought in amendment after amendment. I will do the Minister of Justice credit and say that he did not bring in any amendment to this bill unless he thought that amendment would improve the bill. He did not bring in an amendment to satisfy one organization or another. It is quite possible he thought the bill was all right but that certain amendments would not do it any harm and he therefore agreed to introduce them. It is only on that understanding that we can ever believe in the sincerity of the minister and the work he is doing.

I am not going to say anything further with regard to the conduct of the minister during the time this bill was before not only the house but the parliamentary committee.

I have said all I want to say on that aspect of the matter and I do not intend to take anything back or to detract from anything I have said. I am certainly not going to apologize to anyone for using the facilities of this house in the interests of the people of Canada.

Mr. E. D. Fulton (Kamloops): Mr. Speaker, I am glad the hon. member for Winnipeg North Centre (Mr. Knowles) has moved this amendment. I believe he has been farsighted in the wording of it because, whatever difference of opinion there may be in detail as to what should be done with these two clauses 365 and 372, he is not asking us to tie ourselves down but is simply asking that they be referred back to the committee for the purposes of reconsideration in committee. As we in the official opposition have expressed ourselves quite strongly with respect to both these clauses and the inadequacies and weaknesses thereof, we certainly would have no other course but to support the amendment.

I am glad the hon. member has moved it. Indeed I am prepared to confess to having been caught short. I had overlooked, or, if you like, misinterpreted the rules, and had not anticipated that the third reading would arise tonight. It was my intention to move a similar amendment on third reading and I am grateful to the hon. member, not only for having brought up this particular motion but for having given me time to prepare my own amendment in which I can incorporate the reasons for which we think this bill should be referred back to the committee of the whole.

Our reasons have to do with clauses 690 and 691, two clauses dealing with proceedings by writ of habeas corpus. I am not going to discuss the clauses in detail but simply point out that a very substantial change has been made in that, according to clause 690, once proceedings by way of writ of habeas corpus have been refused on the merits then no further proceedings shall be taken in respect to the person involved before the judge rejects the appeal of any other judge. That runs counter to the trend of our law for many years, and it is diametrically opposed to the judgment delivered in the House of Lords by a prominent judge, Lord Hailsham, in a case which came up in 1928 and which I will quote in part. He said, each judge, and now I quote:

> has jurisdiction to entertain an application for a writ of habeas corpus . . . and is bound to hear and determine such an application on its merits notwithstanding that some other judge has already refused a similar application.

We attach particular importance to this question of proceedings by way of writ of habeas corpus as being possibly the most important single protection which an individual has against unlawful arrest and against the power of the state. It is the right of the individual to require the authorities to show cause why he should be detained, and we feel that the taking away of that right of further proceedings by way of writ of habeas corpus after the initial rejection should not be incorporated in our law.

I am not going to go into any further detail beyond stating the principle, and that we feel the departure from that principle is so important and of such far-reaching consequences and so unacceptable that the bill should be referred back to the committee to give the committee of the whole further opportunity to reconsider and indeed, I would hope, reject the changes incorporated in clauses 690 and 691. I accordingly move:

> That the amendment be amended by adding thereto the following words:
> "and clauses 690 and 691 dealing with proceedings by way of writ of habeas corpus."

Mr. E. G. Hansell (Macleod): Mr. Speaker, before you take a vote on the amendment may I say that perhaps we have listened to the discussion more than we have spoken to it. We have spoken whenever we felt it was necessary to do so. We have more or less always favoured the proposals and amendments introduced by the minister. We believe he has been most reasonable in this matter. We have voted against many of the amendments proposed by those who sit on this side of the house. Perhaps we will do so again. I do not know. That depends on the amendments they propose and whether they go back to the committee of the whole before the bill is read a third time. But if some other amendment can be made that may solve the problem and be satisfactory to the minister and to the whole house, then we are quite willing to give it another try. We do not see much hope in it, but for this time we shall vote with the opposition that the bill be referred back again for us to have at least one more try, even though we have tried so often in the past little while.

Hon. Stuart S. Garson (Minister of Justice): Mr. Speaker, I think it would be rather an act of supererogation on my part to review at any great length the matters which have been raised in this motion. The seriousness of the motion itself and the amendment is indicated by the fact that about 10 per cent, I should think, as many arguments have been made in support of this motion as were made in connection with the same subject matters when we were in committee. I am not complaining about that fact. I am glad indeed that that small percentage of arguments was made.

Mr. Knowles: The minister had better be careful. There are a good many speakers over here if the minister wants them.

Mr. Garson: I agree. I am not complaining at all.

Mr. Knowles: Withdraw.

Mr. Garson: I think perhaps I might be forgiven if I at least put on the record in reply one or two points which I think are relevant. In the first place, with regard to the matter of habeas corpus. I was rather taken with the idea that it should have been the hon. member for Kamloops (Mr. Fulton) who moved the amendment to the motion in connection with habeas corpus because the purpose of the section we have provided in the new bill is to restore to the province of British Columbia the very excellent method of having an appeal from the judgment of the trial judge who turned down an application for habeas corpus. I thought that a lawyer practising in British Columbia would be grateful to us for restoring to them what they apparently had always desired to have and did have for many years until a judgment of the supreme court made it unavailable.

An hon. Member: Maybe he did not know that.

Mr. Fulton: Oh, yes. But I do not agree with the minister's interpretation.

Mr. Garson: As to the other matter, namely section 365, criminal breach of contract, I do not know how we could have done anything more than to have continued upon the statute books a provision taking care of wilful breach of contract which has been on the statute books of Canada and of Great Britain for the last seventy-five years. Having reached that decision, I do not know how we could have provided a saving clause to take care of the trade union congresses in any better way than to get in direct contact with them and discuss with them the terms in which that saving clause was drafted.

With regard to the matter of mischief, there is here I think a fairly fundamental difference of opinion between the hon. member for Winnipeg North Centre (Mr. Knowles) and the hon. member for Kamloops on the one hand and the government upon the other. They seem to favour the idea that in drafting a Criminal Code one should specify every single kind of mischief, every single kind of forgery or every single kind of larceny that can possibly take place, spell them all out and provide a separate penalty for each one of them so that in terms of their thinking the rather unintelligent magistrate or judge who is in charge of the case will know, by reading that section, just what he is supposed to do.

Mr. Knowles: Is that a fair description of judges or magistrates?

Mr. Garson: No. But that is the impression my hon. friend seems to have. We on the other hand think that the members of the judiciary are intelligent enough to reach a wise decision upon the facts of the case that comes before them, and within the wider terms of reference provided in Bill No. 7.

In order to demonstrate just how ineffective is this method which my hon. friends advocate, I should like to refer to the sidenotes only of the main section 510 dealing with mischief in the existing code. In connection with mischief it refers to damage to house, ship, or boat; to bank, dyke, or seawall; to bridge, viaduct or aqueduct; to railway; to cattle; to ship; to signal; to bank, dyke or wall; to river or canal; to flood gate or sluice; to private fishery; to goods; to machines; to hop-bind; to letter bag; to tree or shrub and so on. All these are separate. The point I would make is that after specifying all these, of other things that could be the subject matter of mischief there must be scores more that are still not covered and that have to be covered by an omnibus clause.

Mr. Fulton: With a maximum penalty of two years.

Mr. Garson: Yes. It was precisely for the purpose of providing a more rational method of defining crime that the new code was drafted. The commissioners were instructed to try to reduce the compass of the code and they succeeded in that regard by reducing it from 1150 sections to 750 sections. To what purpose. This is what they say on this point in their report:

> The work of consolidation has been designed to do away with duplication and needless repetition and to draft provisions that will, where possible, eliminate particularization and reduce the need for amendment.

Most of us are perhaps guilty of intellectual vanity, each being proud of his own brain-child and maybe a little bit prejudiced in his viewpoint on that account. I am therefore not suggesting that the members of the royal commission on the one hand or the government on the other should have their views accepted as to whether the methods we have followed is the only proper method of drafting a criminal statute. But upon this very same subject let me read from one of the great British draftsmen who was responsible for the monumental

imperial consolidated acts in the middle of the nineteenth century. This is what he said. Incidentally, he was also the author or the editor of "Russell on Crime", one of the classical books on criminal law. He said this:

> I am very strongly in favour of general clauses when they can be used without any others. They are not only clear and simple; but, if I be not very much mistaken, would reduce the length of our statutes to a greater extent than any other plan that could be devised. Let it be considered what might be effected in forgery alone. No satisfactory reason can be given why the forgery of every written instrument should not be included in a single clause. . . That clause might be so framed as to include all existing and future instruments; and as no forgery can be tried by any Court of Quarter Sessions, there is no reason why the same wide discretion as to punishment should not be given to the court as in cases of manslaughter.

Then further on—and this a man who was one of the great draftsmen of the last century—he said this:

> Hitherto the usual system of framing criminal acts has been to specify each and every act intended to be subjected to any punishment; such a course has the advantage of calling direct attention to all the acts that are made penal; but such a course is open to this objection, that it often leaves offences of equally great criminality unprovided for, and thus affords the artful a chance of evading punishment. Several courses may be adopted to remedy this object. A clause may be framed in such general terms as to include all cases of the same kind within it. This is the simplest, and, perhaps, the best course; and it leaves the judgment of the court entirely unfettered as to the punishment in every case.

I think the argument of my friends the hon. member for Winnipeg North Centre and the hon. member for Kamloops would have been much more convincing if they could have told us of any cases of these particularized offences of mischief that were not covered by the section in the bill. If they are all covered in the section that we have, why should we have to take five or six pages of printing to describe what can be covered in half a page? For that reason, Mr. Speaker, I certainly cannot support my hon. friend's motion.

I should like to take this opportunity of thanking my friend the hon. member for Fort William (Mr. McIvor) for his complimentary remarks as well as my friend the hon. member for Vancouver-Kingsway (Mr. MacInnis). At the same time I should also like to express my deep appreciation—and I am very sincere in this—for the magnificent co-operation which we have had from all the members of the house, particularly those who sat on the special committee of the House of Commons last year. We said when we launched this bill in the first place that we wanted the approach to the provision of a good Criminal Code of Canada to be conducted on a completely non-partisan basis and that each of us should vote in a non-partisan manner on the merits of each section as it came up.

I must say that I never sat on any legislative committee, either in provincial politics or in federal politics, in which there was less partisanship, a more objective consideration of the merits of each section and a willingness to listen to ideas no matter whence they came. We had some communist organizations there and it was a matter of great pride to me as a Canadian that they received the same courteous attention and the same consideration of their arguments as if they had not been people whose political principles we condemn by considering them and rejecting them. It seems to me that is the essence of genuine freedom of expression and real democracy. I want to say to the members of the house, particularly to those who served on that committee, that as the minister in charge of this bill I am most deeply grateful to them for the splendid manner in which they co-operated in producing what I think is quite a good piece of legislation.

The house divided on the amendment to the amendment (Mr. Fulton) which was negatived on the following division:

YEAS

Messrs:

Aitken, Miss
Balcer
Barnett
Blackmore
Blair
Brooks
Bryson
Cameron (Nanaimo)
Campbell
Casselman
Castleden
Charlton
Churchill
Coldwell
Dinsdale
Drew
Ellis
Fairclough, Mrs.
Fleming
Fraser (Peterborough)
Fulton
Gillis
Girard
Green
Hahn
Hansell
Harkness
Herridge
Hodgson
Holowach
Howe (Wellington-Huron)
Johnson (Kindersley)
Johnston (Bow River)
Jones
Knight
Knowles
Leboe
Macdonnell
MacInnis
MacLean
McCullough (Moose Mountain)
Mitchell (London)
Monteith
Nicholson
Noseworthy
Patterson
Pearkes
Perron
Poulin
Quelch
Regier
Small
Stanton
Starr
Thatcher
Tustin
White (Hastings-Frontenac)
Winch
Zaplitny—59.

NAYS

Messrs:

Abbott	Langlois (Gaspe)
Applewhaite	Lapointe
Ashbourne	Leduc
Balcom	Lefrançois
Batten	Legare
Blanchette	Lesage
Boisvert	MacDougall
Bonnier	MacEachen
Boucher (Chateauguay-Huntingdon-Laprairie)	McCann
Bourget	McCulloch (Pictou)
Bourque	McIlraith
Breton	McIvor
Brisson	McWilliam
Bruneau	Mang
Buchanan	Masse
Byrne	Michaud
Cameron (High Park)	Philpott
Cannon	Picard
Carter	Pickersgill
Claxton	Pommer
Cloutier	Power (Quebec South)
Cote	Power (St. John's West)
Crestohl	Proudfoot
Deslieres	Purdy
Dumas	Ratelle
Fairey	Reinke
Fontaine	Richard (Ottawa East)
Fraser (St. John's East)	Roberge
Garson	Robertson
Gauthier (Portneuf)	Robichaud
Gingras	Robinson (Simcoe East)
Gingues	St. Laurent
Goode	Schneider
Gourd (Chapleau)	Shaw
Gregg	Simmons
Hanna	Stick
Hardie	Stuart (Charlotte)
Harrison	Thibault
Henry	Tucker
James	Valois
Jutras	Viau
Kickham	Villeneuve
Kirk (Shelburne-Yarmouth-Clare)	Weaver
LaCroix	Weir
Lafontaine	Weselak
Langlois (Berthier-Maskinonge-Delanaudiere)	White (Waterloo South)
	Winters
	Wood—94.

Mr. Speaker: I declare the amendment to the amendment lost. Is the house ready for the question? The question is on the following motion of the Minister of Justice:

That Bill No. 7, an act respecting the criminal law, be now read the third time.

Mr. Knowles: Mr. Speaker, I trust you are not forgetting the amendment.

Mr. Speaker: No, I am putting the whole question. The hon. member for Winnipeg North Centre, seconded by the hon. member for Vancouver-Kingsway, moved:

That Bill No. 7 be not now read a third time but that it be referred back to the committee of the whole house, for the purpose of reconsidering clause 365, dealing with breach of contract, and clause 372, dealing with mischief.

The question is on the amendment to the main motion. Those who are in favour of the amendment to the main motion will please rise? I say this because if we are agreed we are ready for the question now we could proceed without having the bells rung again.

Mr. Knowles: There may be some who missed the other vote.

Mr. Speaker: That is quite true. I shall therefore ask for the yeas and nays. All those who are in favour will please say yea?

Some hon. Members: Yea.

Mr. Speaker: All those opposed will please say nay?

Some hon. Members: Nay.

Mr. Speaker: In my opinion the nays have it.

And more than five members having risen:

Mr. Speaker: Call in the members.

The house divided on the amendment (Mr. Knowles) which was negatived on the following division:

YEAS

Messrs:

Aitken, Miss	Johnson (Kindersley)
Balcer	Johnston (Bow River)
Barnett	Jones
Blackmore	Knight
Blair	Knowles
Brooks	Leboe
Bryson	Macdonnell
Cameron (Nanaimo)	MacInnis
Campbell	MacLean
Casselman	McCullough (Moose Mountain)
Castleden	Mitchell (London)
Charlton	Monteith
Churchill	Nicholson
Coldwell	Noseworthy
Dinsdale	Patterson
Drew	Pearkes
Ellis	Perron
Fairclough, Mrs.	Poulin
Fleming	Quelch
Fraser (Peterborough)	Regier
Fulton	Small
Gillis	Stanton
Girard	Starr
Green	Thatcher
Hahn	Tustin
Hansell	White (Hastings-Frontenac)
Harkness	Winch
Herridge	Zaplitny—59.
Hodgson	
Holowach	
Howe (Wellington-Huron)	

NAYS

Messrs:

Abbott	Bourque
Applewhaite	Breton
Ashbourne	Brisson
Balcom	Bruneau
Batten	Buchanan
Blanchette	Byrne
Boisvert	Cameron (High Park)
Bonnier	Cannon
Boucher (Chateauguay-Huntingdon-Laprairie)	Carter
Bourget	Claxton
	Cloutier

Cote
Crestohl
Deslieres
Dumas
Fairey
Fontaine
Fraser (St. John's East)
Garson
Gauthier (Portneuf)
Gingras
Gingues
Goode
Gourd (Chapleau)
Gregg
Hanna
Hardie
Harrison
Henry
James
Jutras
Kickham
Kirk (Shelburne-Yarmouth-Clare)
LaCroix
Lafontaine
Langlois (Berthier-Maskinonge-Delanaudiere)
Langlois (Gaspe)
Lapointe
Leduc
Lefrançois
Legare
Lesage
MacDougall
MacEachen
McCann
McCulloch (Pictou)
McIlraith
McIvor
McWilliam
Mang
Masse
Michaud
Philpott
Picard
Pickersgill
Pommer
Power (Quebec South)
Power (St. John's West)
Proudfoot
Purdy
Ratelle
Reinke
Richard (Ottawa East)
Roberge
Robertson
Robichaud
Robinson (Simcoe East)
St. Laurent
Schneider
Shaw
Stick
Stuart (Charlotte)
Thibault
Tucker
Valois
Viau
Villeneuve
Weaver
Weir
Weselak
White (Waterloo South)
Winters
Wood—93.

Mr. Speaker: Shall the main motion carry?

Mr. Knowles: On division.

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

BUSINESS OF THE HOUSE

Mr. Green: What will be the business tomorrow?

Mr. Winters: Tomorrow we will take the estimates of various departments, in the following order: public works, northern affairs and national resources, national defence, fisheries.

Mr. Abbott: What a day!

It being five minutes after ten o'clock the house adjourned, without question put, pursuant to standing order.

HOUSE OF COMMONS

Friday, April 9, 1954

The house met at 2.30 p.m.

THE LATE RODNEY ADAMSON

Right Hon. L. S. St. Laurent (Prime Minister): Mr. Speaker, we were all profoundly shocked when we learned early yesterday afternoon of the terrible aircraft accident at Moose Jaw which snuffed out instantaneously the lives of the thirty-one passengers of the T.C.A. air liner, of the four members of its crew, of the pilot of the R.C.A.F. trainer craft involved with the liner in a mid-air collision, and of one more person on the ground suffocated in the ruins of a home destroyed by the flaming wreckage of the planes.

Our warmhearted sympathy reached out at once to all those so tragically bereaved.

But for each one of us in this house our grief became an even more personal thing when the liner's passenger list was made public and Mr. and Mrs. Adamson's names appeared in it. It is truly said that despite our differences in political outlook friendships are formed in this house without regard to party lines. No political difference ever stood in the way of becoming a friend of Rodney Adamson. Our colleague had qualities that endeared him to all of us. His unassuming manner was but one of the many aspects of his solicitude for his fellow men, and throughout his life he used his abilities to the full to work and to fight in their interests.

He was only thirteen years of age when the first world war broke out but somehow, despite his youth, he contrived to serve his country overseas as a pilot before the conflict was over. When the second world war broke out he might well have felt that he had already done his duty to his country in warfare, but his patriotism was such that he could not take any easy course. Once more he served overseas as an officer in the Lorne Scots.

He was first elected to this house in 1940 for the Ontario constituency of York West and was returned by his constituents in each succeeding general election. With characteristic vigour he displayed his interest in a wide variety of the activities of parliament and was one of the official opposition's first-line debaters. Those of us who sit on this side of Mr. Speaker, while not agreeing with all of the things he said, listened to him with respect, for we knew that when Mr. Adamson spoke he spoke after careful preparation and with strong conviction.

He will be remembered in this chamber chiefly, I think, for his interest in conservation and in the development of our resources in the best interests of all Canadians. It will be recalled that during this session he emphasized, and it needed emphasis, the importance of our great northern region. The loss of our colleague and his devoted wife is a real one, and our heartfelt sympathy is extended to their children and their families. It is also extended, Mr. Speaker, to you personally and by all of us on this side of the house, to the Leader of the Opposition and the members of his party both in the house and in the country.

Hon. George A. Drew (Leader of the Opposition): Mr. Speaker, I know that the members of families of both Mr. and Mrs. Adamson will appreciate the words of sympathy that have been expressed by the Prime Minister on behalf of all of us. It is always a tragic thing to realize that those with whom we have been so closely associated day by day have suddenly been taken from us, but there does seem to be a particularly tragic aspect to this accident when we realize that both of them, Rodney and Cynthia as we knew them, were with us only a few days ago, gay, vigorous and so friendly to everyone they met. As the Prime Minister has said, friendships are not in any way limited to the parties with which we are associated, and I know that there was warm and affectionate friendship for both of them in every part of this house.

Rodney Adamson came of a military family. In the first world war his father had commanded that very famous regiment, the Princess Patricia's. The son, both in the first war and the last war, served his country well. He continued his military interests.

As has already been pointed out in the press, Rodney Adamson went to some pains to keep himself informed. At some considerable risk he and his wife spent some time beyond the iron curtain seeking to learn something of what was taking place there. He served his own constituency and his country well. For fourteen years he has represented a large and very important part

The late Rodney Adamson

of Ontario. We remember him best for his constant and unfailing interest in the conservation of resources, particularly the mining resources of this country. He was an advocate of free gold, and will always be remembered as one of those who had deep and strong convictions concerning the importance of gold in supporting the economy of our country.

At a time when there may be too great a tendency towards conformity, Rodney Adamson was an individualist. He never hesitated to express his own views with clarity and firmness, whether or not they happened to be the views that were generally accepted. He was the chairman of the committee of our party on natural resources, and we relied greatly on him and his knowledge of that subject. His wife was keenly interested in public affairs, and also served in uniform with distinction during the last war, when she commanded the Canadian women's army corps in Italy. She knew Europe well. She followed both domestic and international affairs, and the two of them were a very effective team in all that they were doing here in Ottawa. Of both of them, I think it could be appropriately said that they died on active service.

What happened in this case does emphasize the fact that all the members of this house are called upon to accept certain responsibilities which impose inescapable risks. Last night he was to have spoken in Calgary at a political meeting. This afternoon he was to have attended a reception specially arranged for him by his father's old regiment, the Princess Patricia's, in Calgary. This evening he was to have addressed that very famous organization, the United Services Club of Calgary. His public service activities were continued right to the end.

In speaking of him in this way and of the services that he performed, may I mention the fact that we had a very clear expression of the extent to which party lines leave no divisions at a time like this. I do want to say that no one could have been more thoughtful than was the Minister of Trade and Commerce (Mr. Howe) in his attention to all the details connected with this very tragic event. I think it would be appropriate that I should also say that I do realize that this has been a great blow to him. Whatever differences of opinion there may have been at any time in regard to the details of administration or otherwise, I am sure there is no one in this house who has ever questioned the deep and abiding devotion of the Minister of Trade and Commerce to that service with which he has been so closely associated. The safety record of Trans-Canada Air Lines has been one of which all Canadians can be proud.

It is an unhappy circumstance that we should now be expressing sympathy in the death of one of our own members and his wife on the occasion of the first fatal accident there has been in so many years. I know the sympathy of every member here will go out in full measure to the mother and father of Mrs. Adamson; to the brother of Mr. Adamson; and particularly to their sons, one of whom is only five years old. The thoughts of all of us will be with them not only now but in the years ahead. At the same time may I say that our sympathy is extended to the families of all those who died in this terrible disaster. All Canadians will be thinking of them in their sorrow.

Mr. M. J. Coldwell (Rosetown-Biggar): When the first news of this unaccountable accident reached the house, Mr. Speaker, there was general consternation because of the loss of life involved. Then, too, as the Leader of the Opposition (Mr. Drew) has said, because of the exceptionally fine record of Trans-Canada Air Lines there was a feeling of regret that this happening should have occurred yesterday. But when later in the afternoon we learned that one of our own members and his wife, Mr. and Mrs. Adamson, were passengers on the plane there was not only the general feeling to which I have already referred, but a feeling of deep regret and deep sorrow at the loss of one of our members for whom all of us had a very high regard.

Rodney Adamson came here in 1940. I remember well when he came. I recall that we thought of him as a very kindly, friendly, new colleague. Throughout the years he vindicated the feeling we had at the outset of his appearance here. It is indeed a tragedy that he should be taken from our midst at this time, and with him his very charming wife. They leave two children behind and, as the Leader of the Opposition has said, not only will they be in our minds today, but I am sure that many of us will think of them throughout the days to come.

I should like to say, too, that we join with everyone in this house not only in expressing sympathy to the father and mother of Mrs. Adamson, to Mr. Adamson's brother, whom some of us know, and to the children, but to those bereaved friends and relatives of the others who died under these tragic circumstances. We think of the crew of the plane, because the crews of our Trans-Canada Air Lines are exceptionally careful—the splendid

record they have built up indicates that. We sympathize with them. We sympathize with the relatives of the passengers who were lost in this tragic occurrence.

As has been said here, when something of this sort strikes us, both as a House of Commons and as a country, I know that there is genuine sorrow for those who suffer under such tragic circumstances. We sympathize, too, with the friends and relatives of the woman on the ground who lost her life so suddenly when the flaming parts of the plane struck a home in the city of Moose Jaw. Perhaps later on, when an investigation has been made, it will be possible to say what error of judgment accounts for all this; and that brings to our minds that, after all, human judgment is often very unreliable. And so, on my colleagues' and my own behalf, I join with everyone in the house in expressing our sympathy to all who have been bereaved. I should like also to associate myself with the very genuine remarks of the Leader of the Opposition (Mr. Drew) in regard to the right hon. Minister of Trade and Commerce (Mr. Howe) who has shown such a keen interest in and is so justly proud of the great air line he has done so much to build.

Mr. E. G. Hansell (Macleod): Mr. Speaker, I am certain that the leader of this party would want me to express the feelings of our group. We join with others who have expressed sympathy on the sudden passing of Mr. Rodney Adamson and his wife. It brings to our minds once again the forcefulness of that truth, that we know not what a day may bring forth.

Mr. Adamson's office was in the same corridor as the offices of this group, and it meant that our paths very often met. At such times we had the opportunity to chat for a few moments with him. We felt he was a man who formed real convictions, and whose convictions really meant something to him. He will be missed by his party, because I am sure he was a most valuable asset to it. He will also be missed by the House of Commons and by his host of friends.

We join with others in offering our sympathy to those of his loved ones who are left to mourn his loss.

Miss Margaret Aitken (York-Humber): Mr. Speaker, I should like to add my words of tribute, because in doing so I feel I am voicing what is in the hearts of the people that Rodney Adamson represented in this Canadian parliament for so many years.

The late Rodney Adamson

The constituency of York-Humber was carved out of Mr. Adamson's constituency of York West. Some of the people for whom he spoke in this House of Commons are the people for whom I speak now. I know what a loss his death, and that of his wife Cynthia, will mean to those people, whom he served so faithfully.

The people of York West and of York-Humber were proud of Rodney Adamson, and they showed that pride by choosing him again and again from 1940, onward, to represent them in parliament. He had won their respect, their confidence and their affection as a public servant and as a man of the highest integrity. In York West and York-Humber we mourn the loss of a good friend and a good servant of the people.

NEW MEMBERS

Mr. Speaker: I have the honour to inform the house that the Clerk has received from the chief electoral officer certificates of the election and return of the following members, viz.:

Of Yves Leduc, Esquire, for the electoral district of Verdun.

Of James Alexander McBain, Esquire, for the electoral district of Elgin.

Of John C. Pallett, Esquire, for the electoral district of Peel.

Of Rodolphe Leduc, Esquire, for the electoral district of Gatineau.

RAILWAYS, CANALS AND TELEGRAPH LINES

Sixth report of standing committee on railways, canals and telegraph lines.—Mr. McCulloch (Pictou).

TRADE

INTERNATIONAL WHEAT AGREEMENT—ACTION OF ITALY AND SWEDEN

On the orders of the day:

Hon. George A. Drew (Leader of the Opposition): Mr. Speaker, I wish to ask a question of the Minister of Trade and Commerce. It is reported today that Italy and Sweden have dropped out of the international wheat agreement, and that therefore they will not be taking up the amount of wheat they would have previously taken up—I believe the figure is 32 million bushels. Has the Minister of Trade and Commerce any comment to make on this information, in view of our present situation, and the accumulation of wheat that we have in this country?

Inquiries of the Ministry

Right Hon. C. D. Howe (Minister of Trade and Commerce): Mr. Speaker, the information I have is that Sweden has decided not to ratify. Sweden had a very small quota, indeed—a matter of two or three million bushels. That country has never been a considerable buyer of wheat. This year Sweden is actually an exporting country. It has exported seven or eight million bushels.

Italy did not ratify, owing to a change in government. Italy has still not ratified. Italy has applied to the council for a reduction in their quota. A meeting will be held to determine whether the reduction will be granted or not. I understand that if the reduction is granted Italy intends to sign. To date Italy has not ratified, but Italy has not indicated an intention of not ratifying.

Mr. Johnson (Kindersley): Is there any possibility of other countries with commitments amounting to 32 million bushels, and that have not ratified the agreement, taking similar action?

Mr. Howe (Port Arthur): Well, I have had no notice of these questions. The only country I recall that has not ratified is Brazil. Brazil indicated some time ago that they would not ratify the agreement, and Brazil had a considerable quota. However, Brazil is still buying wheat from North America, although they are buying outside the quota. The position is the same as that of the United Kingdom.

I think, aside from that, all the countries have ratified, except in the cases of Sweden and Italy.

EXTERNAL AFFAIRS

TRANS-POLAR FLIGHTS—AIR SERVICE TRANSIT AGREEMENT

On the orders of the day:

Mr. Elmore Philpott (Vancouver South): Mr. Speaker, I should like to ask a question of the Secretary of State for External Affairs. Has the attention of the minister been drawn to a publicity release issued by the Norwegian information service from Washington, D.C., on March 11, beginning as follows: "The Scandinavian—"

Mr. Speaker: Order. The hon. member should put his question without making quotations.

Mr. Philpott: The release is to the effect that negotiations are taking place between Norway and the United States for rights to fly over the Canadian polar regions. Will the minister make clear that the polar regions of Canada are exclusively under the control of Canada, and that the United States has no jurisdiction in any way over those areas?

Mr. Speaker: That is a question the drafting of which could have been very much improved. I would ask the hon. member to see to it that his questions are in a form in which they ask for information, rather than supply it.

Hon. L. B. Pearson (Secretary of State for External Affairs): My attention has been drawn to the press release in question. So far as the point made by my hon. friend is concerned, no question of infringement of Canadian sovereign rights over the Arctic, by trans-polar flying, is involved, because I understand the negotiations which concern air service between Scandinavian states and the United States deal with only flying over and not landing in Canada, and these states already have that right under the international air service transit agreement signed in 1945.

[*Later:*]

INDO-CHINA—UNITED STATES PROPOSAL TO ISSUE WARNING TO GOVERNMENT OF CHINA

On the orders of the day:

Mr. Donald M. Fleming (Eglinton): Mr. Speaker, yesterday I put a question to the Secretary of State for External Affairs concerning the possible communication to the Canadian government of a proposal of President Eisenhower and Mr. Dulles with reference to a proposed warning to China with respect to hostilities in Indo-China. The Secretary of State for External Affairs was good enough to indicate, as reported at page 3885 of *Hansard*, that while the Canadian government had no—

Mr. Speaker: Order. Can the hon. member ask his question without giving all these prefacing details?

Mr. Fleming: I was referring to the fact that in reply to that question yesterday the minister said that he was making inquiries in Washington in order to ascertain the exact nature of the proposal. I wonder whether the minister has now had any communication on that subject, to throw any light on the matter that he could not yesterday?

Hon. L. B. Pearson (Secretary of State for External Affairs): Inasmuch as talks are still going on between the United States and other governments concerned about this matter, there is nothing I can usefully add at this time to what I said yesterday.

RADIO BROADCASTING

CONSULTATIONS WITH MEXICO ON FREQUENCY ALLOCATIONS

On the orders of the day:

Mr. E. G. Hansell (Macleod): Mr. Speaker, I should like to direct a question to the Minister of Transport or his parliamentary assistant. Have consultations been held between the Department of Transport or the Canadian Broadcasting Corporation and any representatives of the Mexican government or radio interests in Mexico during the last month in respect to frequency allocations?

May I ask a second question in this connection? If the answer is in the affirmative, will the minister state the nature and results of these negotiations or consultations?

Mr. L. Langlois (Parliamentary Assistant to the Minister of Transport): Mr. Speaker, since I received no previous notice of this question, may I take this as notice?

[*Later:*]

Mr. Hansell: Mr. Speaker, I rise on a matter of privilege. Did I understand the parliamentary assistant to the Minister of Transport to say that he had not received notice of my question? I might say that I sent the minister notice of the question. Evidently it was not passed on to the parliamentary assistant. Might I ask if he will take this as notice of the question and answer it on Monday?

Mr. Langlois (Gaspe): Yes, Mr. Speaker. I must say that I left my office in the Hunter building at one o'clock and I have not seen a copy of the question. I will try to bring down the answer on Monday.

FERRY SERVICE

NORTH SYDNEY-PORT AUX BASQUES—COMMENCEMENT OF OPERATIONS

On the orders of the day:

Mr. L. Langlois (Parliamentary Assistant to the Minister of Transport): Mr. Speaker, yesterday, as reported at page 3886 of *Hansard*, the hon. member for Cape Breton North and Victoria (Mr. Buchanan) asked a question that had to do with the commencement of operations by the new car ferry between North Sydney, Nova Scotia, and Port aux Basques, Newfoundland. In answer to this question, I wish to state that it is expected this new car ferry, the C.G.S. *William Carson,* which, as I stated yesterday, is under construction at the present time, will commence its operation in the fall of this year. The Canadian National Railways are most anxious to have this ship operating early enough so that it can be fully tested for the difficult winter operations.

CANADIAN NATIONAL RAILWAYS

PALMERSTON-SOUTHAMPTON BRANCH LINE

On the orders of the day:

Mr. L. Langlois (Parliamentary Assistant to the Minister of Transport): Mr. Speaker, yesterday the hon. member for Wellington-Huron (Mr. Howe) asked me a question, as reported at page 3886 of *Hansard,* having to do with a press report in connection with the Palmerston-Southampton branch line. In answer to that question I must say to my hon. friend that I have been unable to find the press report he referred to, but I assume that it has reference to possible changes in train schedules. I am informed by the Canadian National Railways that an adjustment in schedules will go into effect on April 25 with the spring change in timetables. The schedule of the mixed train No. 329 will be lengthened by 30 minutes and that of mixed train No. 330, by 45 minutes.

I wish to add here that the wider question of the service on this branch line is now before the Board of Transport Commissioners for Canada where the representations of interested communities will be considered. I am sure that the hon. member realizes it would not be proper for me to make any comment on this matter at this time.

TELEVISION

HALIFAX—PROBABLE DATE OF COMMENCEMENT OF OPERATIONS

On the orders of the day:

Mr. S. R. Balcom (Halifax): Mr. Speaker, I should like to direct a question to the Minister of National Revenue. What progress is being made on the television transmitting station at Halifax, and when is it likely to be in operation?

Hon. J. J. McCann (Minister of National Revenue): Mr. Speaker, the hon. gentleman was good enough to give me notice of his question. With reference to the transmitter, a site has been purchased on Geizer hill. Submission to council has been made for the purchase of transmitting equipment and has been approved. Drawings and specifications for the transmitter building are in preparation and should be available for submission for tenders by the end of April.

The studio site has been selected on Bell road and all local approvals have been

received. Approval of the Nova Scotia government is necessary before the purchase can be completed. The plans for the building design are in preparation.

Barring unforeseen difficulties, it is expected that the transmitter will be on the air before the end of the year.

INCOME TAX

REQUEST FOR EXTENSION OF DEADLINE FOR FILING RETURNS—WESTERN PROVINCES

On the orders of the day:

Mr. W. M. Johnson (Kindersley): Mr. Speaker, may I direct a question to the Minister of National Revenue? Is the government considering an extension of the deadline for filing income tax returns in the three western provinces, in view of the inability of the farmers to market their grain?

Hon. J. J. McCann (Minister of National Revenue): The answer is no. The deadline is April 30, as it has been for years.

PRAIRIE FARM ASSISTANCE ACT

INQUIRY AS TO AMENDMENTS REQUESTED BY MANITOBA

On the orders of the day:

Mr. F. S. Zaplitny (Dauphin): Mr. Speaker, I should like to direct a question to the Minister of Agriculture. Has the attention of the minister been drawn to the resolution passed by the legislature of Manitoba calling for amendments to the Prairie Farm Assistance Act, which would enable farmers in Manitoba who suffered crop losses due to excessive moisture to receive further assistance? If so, is the minister prepared to recommend such amendments to parliament?

Right Hon. J. G. Gardiner (Minister of Agriculture): Mr. Speaker, I wish to thank the hon. member for having sent me a copy of his question. In view of the fact that it has come up on two or three occasions during this session, perhaps I should make a little longer statement than I made before with regard to it.

The Prairie Farm Assistance Act was passed in 1939 following seven years of drought on the prairies of western Canada, covering certain sections of the prairies. Because of the experience we had then, this house was persuaded to give consent to the Prairie Farm Assistance Act. The difficulties that have been experienced in Manitoba are not difficulties resulting from drought, but rather from excessive rainfall and excessive moisture. These are difficulties which I think are prevalent right across Canada from time to time. I would think that if we were to make amendments such as those suggested in Manitoba they would have the effect in the first place of greatly increasing the payments that would have to be made not only in Manitoba, but from Manitoba through to the Rocky mountains.

Last year, as hon. members from the central part of the prairies know, there was a great deal of acreage, even on the heavy land surrounding Regina, that was without crops because they were not able to seed the land in the early part of the year. If we were to pass legislation of the kind which would meet conditions of that nature it would be most difficult to persuade the other parts of Canada to take the same action with regard to it as they took with regard to drought, which is of such a serious nature from time to time that it is almost impossible to provide any form of insurance that would take care of it, or to depend on any one province taking care of the calamity that comes when there is very widespread drought. For that reason I have written to the government of Manitoba, as a result of their having sent forward the resolution to me, and explained to them the reasons why I did not think it would be desirable to bring that proposed amendment into this house at this time, and I doubt very much whether it would be at any time unless we greatly change the policy which backs up the present Prairie Farm Assistance Act.

PUBLIC BUILDINGS

CHARLOTTETOWN—INQUIRY AS TO TENDERS

On the orders of the day:

Mr. N. A. Matheson (Queens): Mr. Speaker, I should like to direct a question to the Minister of Public Works. Can the minister say when the department will be ready to call for tenders on the new federal building at Charlottetown? Can he say whether separate tenders will be called for the clearing of the site and the construction of the new building or whether the two operations will be combined under one contract?

Hon. Robert H. Winters (Minister of Public Works): The target date for the calling of tenders is June 1. As to the second two questions, I hope to be able to let one contract for clearing the site and constructing the building. That will depend however on our ability to get vacant possession of several properties on the site.

ADMINISTRATION OF JUSTICE

THIRTEEN-YEAR-OLD PERSON SERVING PENITENTIARY SENTENCE

Mr. Erhart Regier (Burnaby-Coquitlam): I should like to direct a question to the Minister of National Defence. Can he tell us how it is possible for a 13-year-old youngster to be serving a penitentiary sentence in Canada?

Hon. Brooke Claxton (Minister of National Defence): Mr. Speaker, if the hon. member will give me the pertinent information, I shall be glad to look into the matter raised by him.

Mr. Regier: I meant to address my question to the Minister of Justice. Is it possible for the situation I have described to exist?

Hon. Stuart S. Garson (Minister of Justice): Mr. Speaker, I shall have to extend the same reply to my hon. friend as that given by my colleague the Minister of National Defence. If my hon. friend will give me the name and the particulars of the case he has in mind, I shall be glad to look into it.

Mr. Regier: He is in St. Vincent de Paul.

SUPPLY

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

DEPARTMENT OF PUBLIC WORKS

360. Departmental administration, $321,732.

The Chairman: Hon. members will find this vote on page 51 and they will find the details on page 430 of the blue book.

Mr. Hodgson: I have a few remarks I wish to make in connection with this department and the work they have on the agenda. I want to try to bring to the attention of the minister and his officials and of the members of the committee the need for more speed in connection with the trans-Canada highway. I also want to quote a few figures on the extent of the increase in traffic, motor vehicles and that sort of thing in Canada in the last few years, especially since 1949 when this project was first brought before parliament.

The Department of Public Works has announced that construction on the 5,000-mile trans-Canada highway was speeded up during 1953.

Mr. Winch: Mr. Chairman, will the hon. member please speak up so that we can hear him?

The Chairman: Order.

Mr. Hodgson: Mr. Chairman, if you could get some of the other members to pipe down, they might be able to hear me better.

All provinces but Quebec have signed agreements with the federal government to share construction costs. The federal government pays half the cost of sections of previously-built roads incorporated in the trans-Canada highway. During 1953 contracts were approved worth $46,343,500, more than $12 million above the 1952 figure.

Mr. Winters: I wonder whether the hon. member would mind telling me what it is he is reading from?

Mr. Hodgson: I am reading from statistics from the Department of Public Works.

Mr. Winters: That is what I wanted to know. Is it a released statement?

Mr. Hodgson: It is a statement released by your department. That is the end of it.

At the end of the war economists felt that any prediction of 3 million vehicles in Canada by 1955 would be an overestimate. Already in 1952 we had reached that total. Now they are looking ahead to 1960 and later, and there is danger of being wrong as they were before. Some economists believe there will be 4,500,000 motor vehicles registered in Canada by 1960. I myself think the estimate is conservative. I believe we have 3,500,000 motor vehicles in Canada now. By the end of 1955 we will reach the 4 million mark. Add to this the influx of cars from the United States each year, and the congestion of traffic on our highways gives us some comprehension of the need of the trans-Canada highway now, not twenty years hence. At any rate our modern cars and trucks are in use to the point of embarrassment, and are getting more numerous all the time; and that is a challenge to this government in getting on with the job of this national project.

A study of the private services and of the public services rendered by the motor vehicle shows that a revolution has been brought about in our national transportation. A point has already been reached in use and ownership which leading authorities did not think we would attain for at least another ten years. The number of motor vehicles is ten years ahead of all predictions and traffic arteries are ten years behind.

In the annual use of their motor vehicles, Canadians now travel 12½ billion miles per year. The tonnage of freight carried annually by motor transport in Canada exceeds the combined total of that carried by rail, water and air. There are 14,000 communities in this nation of ours which are chiefly dependent upon highway transportation for their very existence. If trucking were removed from industry for a brief period, the industrial machine would come to a halt in short order.

Automotive vehicles play an indispensable role in the science of war and national defence. If we are to survive an attack on our free world, we shall need all the mobility and powers of dispersal that automotive vehicles can give us, and most certainly a trans-Canada thoroughfare.

When confederation came into being it was quite properly believed that the railway would be the prime instrument of the country's development, that roads would be of limited local concern and should, therefore, be left entirely to the provinces to build and maintain. The fathers of confederation acted quite properly for their day and age. They were deliberating just about 35 years prior to the appearance of the first motor car in Canada. Hence roads have been principally the responsibility of municipal governments and the provinces. But the government of that day built two railroads across this continent. Without these rails of steel confederation would probably have fallen apart. It is just as important now to have a trans-Canada highway as it was to have a railroad at that time. These modern roads have become a matter of national importance. Most major traffic routes connect cities in different provinces and carry traffic to and from provinces. Eventually they will be largely interconnected in this national pattern of highways. But we are wondering: How soon? Roads are more than a provincial or municipal matter. They have become a national problem. We must have a broader area of co-operation and understanding among road-building authorities. Above all, we must have a stable and better highway policy, framed on national needs. It might be that some informal collaboration will result from the trans-Canada highway machinery. I, personally, believe that the best results will be achieved by a co-operative association of all road authorities in the interests of all. The problems that face us today dwarf the problems concerning roads of a generation ago. Every last citizen of Canada is or should be interested. The public does want this highway problem solved. People are ready to admit that they are learning by bitter experience, and that inadequate roads are a bad investment. They are paid for partly by human lives, by property damage and by costly delays. I am glad the Minister of Public Works inherited this problem from the last department in which he served, and I wish to quote a statement he made in 1949 when he was then minister of reconstruction and supply. He then moved the second reading of Bill No. 194 which was designed to encourage and assist in the construction of a trans-Canada highway. On November 28, 1949, he said, as reported at page 2328 of *Hansard*:

> Mr. Speaker, I should like to make a few comments in moving second reading of the bill entitled "An act to encourage and to assist in the construction of a trans-Canada highway." Hon. members will understand that this legislation is enabling in character, in that it seeks authority for the federal government to enter into agreements with the provincial governments toward the construction of provincial highways which will join at various provincial boundaries to form a continuous road across Canada from one coast to the other and, as such, constitute a trans-Canada highway.
>
> This project has been envisaged for many years, and it is considered that the time is now appropriate to proceed with it. When first contemplated it was conceived as a highway from Halifax to Vancouver, but it is now proposed that it shall extend from Victoria, on Vancouver island, to St. John's, Newfoundland, and also embrace Prince Edward Island.
>
> The highway, when completed, will remain the property of the respective provincial governments, who will assume their normal highway responsibilities with respect to it, such as maintenance and snow removal. In effect, therefore, this legislation will enable the federal government to assist provinces in highway construction.

I would like to point out to the minister that the increase in motor traffic and motive power in Canada has developed much faster than many of us thought would be the case, and perhaps even faster than the minister or the officials of his department considered likely. I believe that at this time a new deal should be made and the municipalities taken into consideration, as well as the provinces, in regard to the proper maintenance of these highways. The minister did point out at one time that federal contribution to the completion of the trans-Canada highway would amount to as much as 70 per cent of the total, but I will deal with that later.

Some of that expenditure covered the cost of the old road as well as the new and probably his department has now a better understanding that further help and assistance towards the completion of this road is now required. His department should offer some encouragement to the provinces to enable them to complete this highway and they should also offer something in the way of maintenance. This highway will stretch all across Canada and will pose a major problem to each of the provinces which it crosses. We must have more push and more encouragement from the Department of Public Works.

The minister mentioned during the speech from which I have already quoted that the project had been envisaged for many years. In fact, I remember one speech he made in the house in which he stated that the government had a large package of public works

on the shelf waiting for the time when it would be required to create work and wages for the masses. I believe that time has arrived now and if there is any doubt in the minister's mind I would ask him to look at the unemployment relief lists of the different towns and cities all across Canada. If he still does not think the time is ripe to take some of these packages off the shelf, then surely he will agree that the time has arrived when we must have a trans-Canada highway. That project would help provide employment all across Canada. We must have it speeded up more in the future than it has been in the past, and we require that speed-up now.

We accelerated the program last year but even acceleration is not sufficient to complete this program within the seven-year period mentioned in 1949. When this program was started, after many years of consultation, it was considered that it would extend over a seven-year period. Four years of that time has now elapsed and less than 800 miles of this 5,000-mile highway has been completed. That leaves 4,200 miles yet to be constructed. At the rate of the last four years it will take 21 more years to complete this program, despite the fact that this highway is badly needed now.

I would urge the minister to make a special effort to get Quebec to sign on the dotted line, because it will not look very good in three or four years' time if we have the highway all across Canada with the exception of a large chunk of Quebec.

I would like to refer again to the minister's speech on November 28, 1949, as reported at page 2329 of *Hansard*. At that time he said that something in the neighbourhood of $300 million would be required for the 5,000 miles of the highway, and the federal government's share would be $150 million. The minister also pointed out that there was an average cost of $60,000 per mile for new construction as well as for the highway already built. Of the amount of money voted, 30 per cent has already been spent and only 17 per cent of the road completed. I would now like to quote from his remarks at the bottom of page 2329. The minister said:

> Let us take, for example, a province where $20 million would be needed to complete the highway, and where that province has already spent $8 million on portions of highway which will be part of the trans-Canada highway route. The federal government contribution for the new construction would be $10 million plus 50 per cent of costs previously incurred, or $4 million, for a total contribution of $14 million. If the province applies this contribution of $4 million against the cost of completing the highway, federal money in the $20 million expenditure would amount to $14 million, or 70 per cent. On the other hand, the payment for roads already constructed may be applied elsewhere, as determined by the province, but it is my hope that the provincial governments will use it in such a way that the maximum amount of development and the maximum amount of employment will result.

A return I received a few days ago showed that the cost per mile has not been $60,000, as the minister estimated in 1949, but $107,344 per mile. That figure is on the basis of the amount of money spent and the miles of road completed.

We all know, of course, that the cost of any project of such magnitude as the trans-Canada highway must cost much more per mile for the first year's operation than it would cost on the average a year or so after a start has been made, but I believe this expenditure to date is out of all proportion to what the road should cost. Officials of the Department of Public Works have already provided a great deal of assistance. Last year they provided 38 engineers, 5 technical officers, 4 draftsmen, and 5 survey assistants, and the travelling expenses for these men amounted to $61,000. According to the estimates, they have indulged in photography, for I see an item here for "films, broadcasting and advertising" and opposite that there is an amount of $23,000. It seems to me it would be time enough to take pictures, and broadcast and advertise, when the road is much nearer completion. As things stand at present it will be 21 years before it is completed.

According to an announcement by the department, the work was speeded up last year and contracts were let for $46,343,500. This was $12 million above the 1952 figure. Would this speed-up put on last year have anything to do with the 1953 election? Although it looks very much like it, I trust this was not the case, and that that speed-up will extend well into 1956 and this road will then be completed. If the government is going to dilly-dally along with this project and just put on a speed-up each election year, there can be no doubt that it will take 21 years to complete.

However, I am glad to know that all the provinces, with the exception of Quebec, have signed the agreement and I trust Quebec will sign sometime next year at the latest so that the minister will not have the excuse three years from now that the highway was not completed because one province did not sign the agreement. I am sure that every member of this house and the country is anxious to have this work done at the earliest possible moment as the need is great and the progress of the country requires much more road to be built in the future than has been built in the past. We hope that the speed of last year

will be accelerated and that this highway building program will not be accelerated for election years only. I trust that the cost per mile will get down to where it belongs, to the estimate that the minister made in the first place. It should not exceed $60,000 per mile.

I know the minister will say that the provinces have everything to do with the construction. I should like him to tell the house what the fifty-two officials of his department are doing in spending $61,000 in travelling expenses and also $23,000 for films, broadcasting and advertising. They have also spent $1 million in the national parks and have not built any road there at all in spite of the fact that roads through national parks are to be constructed and paid for 100 per cent by the federal government. One province has already spent $8 million for a road which will be part of the trans-Canada highway and is spending $10 million for new construction this year.

Mr. Winters: That is not our statement. That is your own.

Mr. Hodgson: There is no doubt about it—and I think the minister will agree with me—that construction of the trans-Canada highway has not been accelerated. It has not gone along as fast as it should have if it is going to be a seven-year program. In four years there has only been 800 miles of road built. At the rate of construction last year it will take fourteen years to finish it. As I said before, I think it is up to the department to give the provinces some encouragement, and I think there should be a new conference with all the provinces, all those that are interested in a road-building program, and the municipalities in each province which the road will go through should be brought into the conference. You should see if you cannot work out some new and better agreement to speed up construction of the trans-Canada highway.

Mr. Winters: I wonder whether I might say at this moment that there is a later item, 397, under which I think the trans-Canada highway might be more appropriately discussed and under which I would be very glad indeed to discuss it. I think I should say in reply to this speech that I find it a very strange one indeed and one that might more appropriately have been made in the legislature of Ontario or some other provincial government. My hon. friend well knows, because he indicated that he has read the legislation which he himself helped to pass, that the Trans-Canada Highway Act is enabling, that the responsibility for the construction of the highway rests with the provincial governments, and that to the extent that they build the highway we are obligated by the act of parliament to contribute half the cost of construction.

We have been doing everything we can to urge on the provincial governments the desirability of making haste within the terms of the agreement. It is a seven-year period, and as recently as last December I wrote every provincial minister concerned under the terms of the agreements we have with nine of the ten provinces reminding them that the legislation would lapse on December 9, 1956, and that beyond that date parliament had given the government no authority to participate in sharing the cost of the trans-Canada highway. I reminded them that four years of the construction period have already elapsed, that only three remain, and that unless they accelerate their programs of construction they will not complete the highway in the time available to them. As I said, I also reminded them that we have no authority whatever beyond that date.

What more we can do to urge the provincial governments to meet the obligations which they themselves assumed under the terms of this agreement, I do not know. But those are the terms given to us by parliament, and I can assure all hon. members that there is no lack of desire on our part to get on with this construction program. I well recognize that in a province such as Ontario, for example, the trans-Canada highway is a very small percentage of their total highway construction program. But it is their responsibility to decide how much attention and how much effort they wish to focus on the trans-Canada highway and to what extent they wish to emphasize other phases of their highway construction program.

I have referred to Ontario on several occasions because that is perhaps the key link in any trans-Canada highway chain. There are sections in Ontario that have not been graded, and if we are going to enable automobile traffic to pass in relative comfort from one coast of Canada to the other it is absolutely essential that the link in the chain through the province of Ontario be completed. There are other provinces that have parts of the trans-Canada highway route still to be graded, but all hon. members know that Ontario is the key province in the chain of the trans-Canada highway agreement.

Mr. Hodgson: I should like to ask the minister whether he does not think that the federal government should contribute something to the provinces toward maintaining this highway on account of the increase in

motor traffic that has taken place since 1949 when the agreement was first made? Give them some encouragement.

The Chairman: Would this particular question not come more properly when we reach the item concerning the trans-Canada highway? I am by no means saying that the question is out of order, but it does appear to me that particular questions would come more properly when the item is called.

Mr. Hodgson: I have got a lot more questions for that time, but I should like to have this one answered now. When does the minister think the highway will be finished?

Mr. Winters: I can only say to the hon. member what I have said to the provincial governments on many occasions, that this parliament has passed legislation which enables the federal government to participate with provincial governments under the trans-Canada highway agreements until December 9, 1956. Beyond that we have no authority. The terms of the legislation are specific. They enable the federal government to pay 50 per cent of the cost of construction, and it is clearly set forth that the maintenance of the road once it is constructed is the responsibility of the provinces in the same way as ownership of the highway. There was a matter of provincial jurisdiction and autonomy involved and we made it clear, and it was the wish of all provincial governments, that ownership and maintenance of the highway should be provincial matters.

Mr. Hodgson: The minister has not answered my question. He has officials who must have some idea. They must have given some thought to the matter. When do they think the highway will be completed?

Mr. McIvor: It depends on the provinces.

Mr. Hodgson: I guess it depends on the moon.

Mr. Winters: All I can say is there has been agreement. If one can say that the provinces entered into the agreement in good faith and propose to live up to its terms, then the trans-Canada highway will be completed by December 9, 1956.

Mr. Winch: I have listened with a great deal of interest to the extemporaneous speech of the hon. member for Victoria, Ontario, but I want to discuss a matter of policy which is not covered under any other item of the estimates of the Department of Public Works except this one. I would appreciate it very much if the minister would explain to the house what policy is followed by the federal government in determining when they will make a contribution toward the cost of building bridges. I was very interested in a question asked only yesterday by a member from Ontario as to the contribution by the federal government towards the cost of a bridge in Ontario. As I understood the minister's answer, it was that because the government owned or controlled a canal the government were prepared to pay one-third of the cost of the bridge.

That brings me to an important question. What is the policy of the government and what determines the government's action with respect to whether or not they will contribute towards the cost of construction of bridges? I believe the minister knows right now what I have in mind. I am discussing the Marpole bridge in the city of Vancouver. This bridge crosses a navigable river which comes under the control and jurisdiction of the federal government because it is a navigable river.

There is only one airport for the city of Vancouver, which has a twofold value. First, it has a commercial value. I believe that it is one of the most used airports in the Dominion of Canada. In view of the fact that Vancouver is on the Pacific coast, the airport has an interest in the realm of defence. This bridge is obsolete. It has been knocked out time after time by tugs and log booms. There is no question about the need for a new bridge. From my studies and my knowledge of the situation, Mr. Chairman, I am going to say that basically the bridge is a municipal and provincial responsibility. I admit that.

There is the issue, however, that the bridge crosses a navigable river and provides the only access to the airport for commercial or defence purposes, or offence, if you want to put it that way, on the west coast. I believe these considerations can reasonably bring the bridge within the realm of federal government interests. I understand the federal government is now in the process of negotiating, or has completed negotiations, to take over the Vancouver airport. I do not know whether or not it has been taken over as yet, but I understand there are negotiations to that end and the federal government has made an offer to the city of Vancouver.

I am certain I could talk for about an hour on this subject. I do not believe I have to do that because I am sure the Minister of Public Works knows the importance of that bridge. I am convinced that if there were an offer of assistance from the federal government it would accelerate the building of what I believe is one of the most necessary bridges in the entire Dominion of Canada. Although

I may have to say more about it later, and that depends upon the minister's answer, I am going to go back to what I started to say. What is the policy, and how is it determined, in regard to grants for the construction of bridges?

I shall put the question directly through you, Mr. Chairman, to the Minister of Public Works. What negotiations have there been in the past or are there now, and can the federal government assist British Columbia in the construction of a vital bridge over the Fraser river at Marpole?

Mr. Winters: Mr. Chairman, I would imagine that there are as many circumstances that have a bearing on policy as there are potential bridges or existing bridges. Generally, though, there are some cornerstones of policy. If a bridge is entirely within the area of a province, then it is normally regarded as a provincial responsibility. If the bridge is over interprovincial or international waters, then there is some reason for the federal government's participation and the federal government normally does participate. One example of that is the proposed Pembroke bridge, which is under discussion now, and with respect to which the federal government has told the governments of Ontario and Quebec that we are prepared to participate and co-ordinate the work if they wish to go forward with the structure.

There is another bridge across an international water at St. Stephen, New Brunswick, which I have in mind, and for which the federal government is also ready to pay a part of the cost. The fact that the water is navigable does not necessarily mean the federal government is responsible for sharing the cost of a bridge over it. Normally the federal government has a decision to make as to whether the navigable water should or not be bridged; that is a matter for decision under the Navigable Waters Protection Act.

In the case of the bridge over the Burlington canal, there were many circumstances. This canal was built by the old commission of works, I think it was called, before confederation, and has always been regarded as a federal structure. It has been maintained by the federal government since confederation. There is a railway bridge over the canal now as well as a highway bridge. It was a double bascule bridge, but one side of it was knocked out by a ship. There is a temporary fixed bridge there now. One side is still bascule, which can be raised to enable navigation to pass through. This bridge was built by the federal government. It is maintained by the federal government, so the federal government already has an interest and responsibility there because of that involvement in the bridge.

The government of Ontario has asked permission to build a high level bridge over the canal to facilitate the flow of the very large and developing volume of traffic that must move over the canal to complete the circuit of travel. We have told the Ontario government that we are prepared to participate with them in that expenditure up to a maximum of one-third. We were prompted in that by two basic considerations, and we made one of them a condition of our participation. The first was that we be permitted to abandon our present bridge over the canal for which we are responsible and which we maintain. The other consideration was the requirement of navigation through the canal which was built by the federal government or the forerunner of the federal government.

The requirements of navigation make it necessary to build a much more expensive bridge than would be required were there no need to consider navigation. The reason is that a high level bridge will be required rather than the low level bridge which otherwise could have been built. For these reasons we felt there was a federal government responsibility. In British Columbia, at Marpole, the river is navigable and we are quite willing to give permission to British Columbia to build a suitable bridge over the river, having regard to the requirements of navigation. The water is purely within provincial boundaries. There seems to be no federal government involvement other than the potential one of the airport my hon. friend mentioned.

We have, to date, told the government of British Columbia that there is no federal government responsibility with respect to the bridge, and that we cannot participate in the cost.

Mr. Winch: Have you told the province of British Columbia that you will not make any grant? Do I understand that?

Mr. Winters: That is what we have told the British Columbia government.

Mr. Winch: Is that not a change of policy? I understand that in the past discussions, extending over two years, there was an offer by the federal government to participate in the expenditure. Has that been withdrawn?

Mr. Winters: Mr. Chairman, I am not aware of any offer. I know the history of this bridge since I have been Minister of Public Works. Since that time, in correspondence with the minister of highways of the government of British Columbia, I told him that in

my opinion there was no federal government responsibility, and that I could see no grounds for federal government participation.

Mr. Green: Mr. Chairman, I am afraid there is some misunderstanding on the part of members of the cabinet. This subject has been discussed for quite a few years. I have here a press clipping of September 18, 1946, bearing the heading "Ottawa to aid City on Bridge to Airport", and stating as follows:

> The federal government will share in the cost of a new high level bridge at Marpole—to serve the municipal airport—with the city and Richmond, Reconstruction Minister C. D. Howe told city council at a private meeting this morning.
>
> A report covering the proposed location, type and clearance of the span is to be prepared by civic, provincial and dominion engineers.

This was the highlight of three announcements made by Mr. Howe.

That was nearly eight years ago.

Then, I have here another clipping from the *News-Herald* of June 11, 1949, under the heading "Federal Aid Promised For New Bridge", and stating:

> The federal government is willing to put up one-third the cost of a high level bridge across the Fraser river, says Arthur Laing, Liberal candidate in Vancouver South.

And this basis of a third by the dominion, a third by the province and a third by the city has been the basis all the way through—at least it was in the beginning. The article continues:

> He said Rt. Hon. C. D. Howe, Minister of Trade and Commerce, had told him the money is available and the government is only waiting for city and provincial authorities to decide on a site.

Then, in 1950 I find an article indicating the holding of a conference on this subject in Ottawa. This article is dated at Ottawa, March 31, 1950, under the heading "Bridge Talks Open", and states:

> Vancouver and B.C. government representatives met a federal cabinet member today in the first round of the city's fight for a new $10,000,000 high-level bridge to span the Fraser river at the foot of Oak.
>
> B.C. Works Minister Carson, accompanied by Ald. J. D. Cornett and city engineer John Oliver, met federal works minister Fournier.
>
> "We're just getting into the problem," said Mr. Carson, adding the delegation would meet other ministers within the next few days. Negotiations might easily continue after the delegation returned to B.C., he added.
>
> "A very fair reception," said Ald. Cornett.

Remember, this was four years ago. The article continues:

> The delegation had received strong support from B.C.'s federal members, Mr. Carson said.
>
> Works minister Fournier, trade minister Howe and transport minister Chevrier are representing the federal government.

Then, I find a dispatch dated November 28, 1951, under the heading "Ottawa's Offer dims Marpole Span Hopes", and stating:

> Ottawa will pay only $400,000 if and when a new bridge is built over the Fraser at Marpole, B.C.'s cabinet minister in the federal government, Hon. Robert Mayhew, said today.
>
> Mr. Mayhew said this assistance was offered by trade minister Howe and "still stands."

That was the statement in 1951 by the then representative of British Columbia in the dominion cabinet. Yet we have the present Minister of Public Works saying that the dominion will not pay one cent.

Mr. Chairman, that simply is not good enough. This bridge is used primarily for traffic to the airport—an airport which, I believe, does more business than any other in Canada. Certainly if there is any other doing more business, it would only be the airport at Dorval. Time and again people are held up by reason of the fact that this old Marpole bridge is open, perhaps to let a scow or a tug through, and it opens hundreds of times each year. I think it was only last year that the Prime Minister was delayed for half an hour or so because this span had to be opened.

As the minister knows, navigation has the right of way. When a tug comes along towing a scow loaded with sawdust, or anything of that nature, all traffic to the airport has to stop while the bridge is opened. Traffic cannot continue until the tug and scow have passed through.

If that situation existed in Montreal, Toronto or Ottawa the people in those districts would be frantic; it simply could not happen. These cities are so near the centre of government that things of that kind would not be tolerated. I suggest to the minister there is no reason why nearly a million people in greater Vancouver should be subjected to a situation of this kind. The federal government cannot get away from some responsibility. Perhaps the provincial government should take the lead—and the provincial government has announced its willingness to do that. The city of Vancouver has been willing to help all the way through.

To hear the Minister of Public Works for Canada say that he and his department are not interested, and that the federal government will not do anything about the bridge, is simply going back on a promise made years ago, and repeated year after year by responsible ministers in this same government.

I do suggest that the minister should take another look at this situation. The only possible excuse for his attitude today is that he does not know the facts, and that he does

not know what has been going on right here in Ottawa in connection with this bridge. I hope we will have assurance from him today that he will take the matter up with his colleagues and that, as a result, Ottawa will agree to do its fair share toward building a proper and modern bridge over the north arm of the Fraser river.

Mr. Winch: May I add a further word. I am grateful to the hon. member for Vancouver-Quadra for having placed on record the newspaper comment.

When I spoke earlier I did not say some of the things that perhaps I should have said. I think it is known to the minister that for twenty years I was in the British Columbia legislature, and that during twelve of those years I had the honour of leading His Majesty's loyal opposition as a member from the city of Vancouver. As a member from Vancouver and also as leader of His Majesty's loyal opposition in that legislature I was, ex officio, a member of the cabinet—"ex officio"; I stress that.

However, as a result of holding that honour I did know something about the negotiations conducted in matters of this kind. I want to say through you, Mr. Chairman, to the minister, that in the past few years this matter has been of great importance to Vancouver and the province of British Columbia. It was always our understanding that the federal government was prepared to make a financial contribution toward the construction of a bridge at Marpole. The only problem ever presented to us in our meetings with the city council of Vancouver, or from a legislative standpoint, was as to where the bridge should be—whether at Marpole, Oak street or Fraser. The remarks of the minister this afternoon are the first indication I have had that they were not prepared to make any contribution financially.

I can only repeat my own words and emphasize this. Without any question of doubt there is a responsibility on the federal government. Without any question of doubt there is a commitment of more than one cabinet minister of the Liberal government that they would contribute toward the cost of a new bridge. I just want to add my word once again. We have got to have it. There is no question about it. In peace and in war we have got to have that new bridge. I ask the minister to go over the history, study the situation and come forward with no less than one-third of the cost of a new bridge at Marpole.

Mr. Hahn: In connection with this item, I was pleased when the hon. members for Vancouver-Quadra and Vancouver East raised the bridge question. In so far as the bridge is concerned, there is no doubt in the minds of British Columbians, particularly those on the lower mainland, that the federal authorities do have a responsibility, but I shall bring that problem to light later on. The hon. member for Victoria, Ontario, mentioned highways. We have a highway problem in the Yellowhead pass that will probably be dealt with by one of my associates. However, my problem in this instance happens to be something having to do with remarks that were made on March 12 by certain hon. members who intimated that this government was using electioneering as a political football: that is, that you had to vote Liberal in order to get what you wanted. I know a lot of people say, "Oh, well, that is all foolish", and so on; but in view of the fact that all those past governments or cabinet ministers have indicated that they were desirous of helping the provincial government and the city of Vancouver to build the Marpole bridge, one just begins to wonder whether there is not some element of truth in the suggestion, in so far as the province of British Columbia is concerned, on account of its having changed its particular provincial politics. I hear an hon. gentleman say, "Nonsense". It probably is. I would not place any credence in it, sir, if it were not for the fact that in the Surrey *Leader* of March 25, on page 7, I read this:

> Liberal comeback soon, Mott tells Surrey club.

I for one know Mr. Mott very well. I have every reason to respect his thoughts and his ideas. He was a valuable servant of this government and he was a valuable servant of the people of New Westminster. My quarrel has never been with William Mott or with anyone else concerned with that same gentleman who served his province and his city so well. But I should like to read this:

> William Mott spoke on the future of the Liberal party in British Columbia at the annual meeting of the Liberal Association for Ocean Park, Crescent Beach and Elgin. Meeting was held in the Legion hall at Crescent on March 12, and there was an excellent attendance.
>
> Mr. Mott feels that there is every hope of the party making a comeback in the near future. He also stated that last year a large amount of money had been expended by the federal government in Surrey, but that this year, since George Hahn has been in office, there has been none allocated with the exception of the Annacis Island development.

Now, Mr. Chairman, if that is not a suggested reason why I should not have been elected I would like to know what it is, and I should like to have an answer to it. Certainly, it does not come out and say that you must vote Liberal or you will get no public works, but the intimation is definitely

there. I do know the Minister of Public Works well enough to realize that those are not his sentiments. At least, I have reason to believe that those are not his sentiments. I believe such a charge should be refuted, and in no uncertain terms. That is the only reason for my rising at this time. He has treated me quite well so far as I am concerned as an individual, but it is up to him to let those who were defeated know that that is not his policy or the policy of his government, if it is not so; otherwise, we must accept the suggestion that because the province of British Columbia turned out the Liberal government and elected a Social Credit government, no further help is coming from this government.

Mr. Winters: Mr. Chairman, may I just say one further word on the Marpole bridge before we leave it and get into maritime matters?

Mr. Winch: Do not leave it; give us something.

Mr. Winters: What I said about my conversations and correspondence with the government of British Columbia represents my thinking on the problem. It was arrived at after a careful search of the files, during which I found no binding commitment, nor indeed any commitment of any kind, requiring the federal government to participate in the cost of the Marpole bridge. I have been hearing about these reported commitments through the press, such as that quoted by the hon. member for Vancouver-Quadra. I simply wish to assure the committee that if my predecessor here or any of my other colleagues in good faith have committed the federal government to participation in that bridge, they may be assured that that commitment will be honoured.

Mr. Hahn: I did not get an answer to my question regarding the inference.

Mr. Brooks: I did not—

Mr. Winch: Do I understand that if there was any statement or impression left by any of the predecessors of my hon. friend of financial assistance to the building of the Marpole bridge he would honour it?

Mr. Winters: I said that if there is any valid commitment on the part of my—

Mr. Knowles: That is well protected.

Mr. Winters: I do not want to hedge on these words. If my predecessor, or any of my colleagues, speaking on their responsibilities as members of the cabinet, have said that we will participate in the cost of building the Marpole bridge, then we will honour the commitment; but I have been able to find on the files no record of any such commitment.

The Chairman: The hon. member for Royal.

Mr. Brooks: I know the hon. members who have been trying to rise have a much greater contribution to make to this subject than I have. However, I feel I have my rights. I have been up two or three times. I want to discuss the general problem. I think there is a great misunderstanding as to just what the federal responsibility is in the matter of bridges. This Marpole bridge is an excellent example, I should think, of cases where the federal government should give assistance. I was in Halifax a few days ago and I noted that the bridge across Halifax harbour is pretty well near completion. They expect to have it finished this year. I understand that the bridge across Halifax harbour has been the responsibility of the federal government, the local government and the city of Halifax.

Mr. Winters: Just the latter two, Mr. Chairman, the provincial government and the municipalities.

Mr. Brooks: The federal government has made no contribution at all?

Mr. Winters: No contribution, no.

Mr. Brooks: It is understood at Halifax that the federal government was making a contribution.

Mr. Winters: A great many people think that, but it is not correct.

Mr. Brooks: The federal government is getting a lot of credit for something that it is not doing, which has been true in the past. An hon. member mentioned bridges connecting different provinces. In the past I have brought to the attention of this department a bridge which the people of Campbellton, N.B., and Cross Point in Quebec feel should be constructed. Has the minister anything to say in connection with this bridge? Is there any possibility of a bridge being constructed in that vicinity in the near future?

Mr. Winters: Mr. Chairman, I may say what the situation is there. The hon. member for Restigouche-Madawaska has been very much interested in this matter, and not long ago he led a delegation to see me. We have written to the government of Quebec and to the government of New Brunswick telling them that if they are anxious to have a bridge built across—

Mr. Brooks: Across the bay of Chaleur, at Campbellton.

Mr. Winters: Yes, at Campbellton. We told them that if they are anxious to have a bridge built across the bay at Campbellton, we are prepared to co-ordinate the work there, and are certainly prepared to give favourable consideration to financial participation.

Mr. Brooks: It would be a three-party arrangement?

Mr. Winters: Yes; it would be a three-party arrangement. The government of New Brunswick seemed to be quite interested. The government of Quebec at that time was involved in its legislative program and the reply we received was that they had too much work on hand at that particular moment to devote their attention to this bridge but that they hoped to be in a position to consider it at a later date, at which time they would communicate with us.

Mr. McIvor: I have just a brief word to say. I know this bridge in Vancouver. I think I have a right to know the airfield. The worst bottleneck I have seen in Canada was leading up to that Marpole bridge. When I was out there the information I obtained was that the city of Vancouver expected to sell the airfield to the dominion government and that the money received would be used in building the bridge. I do not know how far that matter goes, but that is the information I had. As to the need for that bridge, I say it is one of Canada's outstanding needs, but I trust the minister to be fair.

Mr. Nicholson: I must thank the minister for providing for a public building in my constituency. When the minister was before the committee on March 12 trying to get this item through, I mentioned the fact that a year ago provision had been made for a public building at Carrot River. The Minister of Agriculture is in the chamber and I am sure he will agree with me that Carrot River is a very important centre. Can the minister indicate whether it was an oversight that this item is not in the estimates this year whereas a year ago apparently provision was made for the building of a public building there? In a letter written to me on February 5 the Postmaster General mentioned that a public building was needed very badly. The Royal Canadian Mounted Police are also servicing quite a large area. Can the minister say whether it was an oversight that Carrot River was overlooked in the supplementary estimates which were brought down at the end of the month or whether plans can be proceeded with for the construction of a public building at this important centre?

[Mr. Brooks.]

Mr. Winters: No, Mr. Chairman; it certainly was not an oversight. On a previous occasion I outlined to my hon. friend the policy of the department in not providing funds in the estimates for work we are not prepared to undertake during the year under consideration. That is the position we are in at Carrot River. It is a matter for future planning before we shall be able to undertake the work there.

I might say, Mr. Chairman, that I think we would have a little bit more orderly discussion here if we discussed these various provincial projects under the particular vote for the province concerned.

Mr. Hahn: What I have to say is not a provincial matter. It has to do with the charge that was made in connection with a particular item respecting a Liberal policy. I want to know whether or not the minister wants to let the inference stand wherein Mr. Mott suggests that the reason I have not had any public works in my district is that the area did not vote Liberal. Is that the policy or is it not?

Mr. Winters: Mr. Chairman, I do not know whether Mr. Mott or anybody else made such a statement. These are just reports which I know the hon. member is relaying here to me in good faith; but until I know the context and the spirit in which the remarks were made, I could not pass judgment on them. I may say that all these projects are treated on their merits.

Mr. Hahn: It is a press report.

The Chairman: I must ask the hon. member to confine his remarks to the general administration of public works.

Mr. Hahn: That is the situation. I should like to be within my rights here. I think it is a matter of administration as to the policy of the government, as set down, whereby they are going to allocate public works at certain places.

Mr. Byrne: May I ask the hon. member a question?

Mr. Hahn: Yes.

Mr. Byrne: In this report was it stated specifically that the reason there had not been this allocation was that the voters had elected Mr. Hahn, or was it that they had elected a Social Credit supporter? Was it a distinction as between two members or was it a distinction as to party?

Mr. Hahn: I am sorry, but I passed the report over to the reporter.

The Chairman: Order. I would remind the hon. member that we are discussing the first item, item No. 360, of the Department of Public Works. I have allowed a fairly generous discussion, as I think hon. members will agree, but I cannot allow this discussion to go any further. I would ask the hon. members to confine themselves to a discussion of this department and not to indulge in a discussion of political matters.

Mr. Johnston (Bow River): Mr. Chairman, I rise on a point of order. If you cannot discuss a department's policy on the first item, which is administration, just where are you going to discuss it? That is not a difficult question for the minister to answer. I have known the minister for a good long time and, as far as I am concerned, I do not think he takes politics into consideration when allotting these different projects. But let him say so now. Now is the time to make this point clear, particularly in the instance referred to by the hon. member who was speaking just a moment ago. There is no difficulty in the matter for the minister. Let him say that Mott was telling something that is not true or that he was telling the truth, one or the other.

Mr. Winters: If the hon. member wishes to take responsibility for statements he has seen in the press, he is acting on his own. I have already said—and I think my hon. friend heard me—that these projects are considered on their merits.

Mr. Johnston (Bow River): No politics in it.

Mr. Winch: When I raised the matter of the Marpole bridge I was discussing it under item 360 because there is no specific item which covers it. I want to raise one other matter of policy and ask the Minister of Public Works a question, in view of the situation in Canada, where even according to the Minister of Finance our first six months may be on a downgrade, but he hopes that the next six months will be on the upgrade, where we have at the present moment in the neighbourhood of 500,000 unemployed. That being the situation, whether it is in a recession or in prosperity—

Mr. Winters: Does my hon. friend not mean 500,000 applications for jobs? I think there is quite a distinction there.

Mr. Winch: That is right; 592,000 applications for jobs. If the minister wants me to put it that way, I will do so. What I am coming to is this. I cannot understand why, in the architects' drawings and specifications for public buildings being constructed by the Dominion of Canada, we specify materials coming from outside of Canada. I refer in particular, of course, to the post office in Vancouver. With all the beautiful granite and marble of varying types in Canada, why should it be necessary to specify—or why should it be done—in any government specifications that any material coming from outside of Canada should be used in the construction of public buildings? I think that is an important matter at any time, but it is a particularly important matter at a time when we have 592,000 applications for employment in the Dominion of Canada. I believe I know Canada fairly well. I know its products and resources fairly well, and for the life of me, Mr. Chairman, I cannot understand why the dominion government, through the Department of Public Works and their architectural branch, plan a building and specify marble which has to come from Italy, or some other country. As far as I am concerned it simply does not make sense. I admit it may be beautiful. You have only to inspect this House of Commons and you will find marble from many countries, but you will also find throughout this entire building granite and marble which is a product of this dominion. I cannot see why that marble and that granite produced in Canada are not good enough for the government in its specifications. Through you, Mr. Chairman, I would ask the minister whether this is strictly a matter of policy, and why, in the specifications of a multimillion dollar construction such as the Vancouver post office, they specified imported Italian marble. We have marble finishers in Canada who could be employed if we used our own marble and granite. Why cannot we have a policy of using the produce of Canada in public works constructions?

Mr. Winters: Mr. Chairman, as a matter of policy the specifications of the Department of Public Works require Canadian materials consistent with economy. The particular building to which my hon. friend referred was designed for the Department of Public Works by very competent architects from Vancouver. In order to get the quality and the colour of the marble in certain public areas they specified requirements that could be met only by importing Italian marble.

Mr. Winch: Why?

Mr. Winters: Because of the type of granular structure and the appearance of the marble. It is a very small part of the total cost of the building. The total value of the marble purchased and worked in Italy will be of the order of about $60,000 which is a very small percentage of a building cost of

some $9 million. We have endeavoured—and, I believe, succeeded to a very large extent—to use domestic materials in public works structures. There are instances from time to time where, on grounds of economy or for some technical reason, foreign materials are included; but by and large I think hon. members would agree, if they had the opportunity of examining the specifications and the tenders submitted, that we have achieved a pretty good measure of success in having local materials used in these projects.

Mr. Ferguson: Surely it is like buying an oil painting such as a Rembrandt in order to show our people in Canada some of the beauties from other lands. The texture of the marble must be worth observing and it seems to me this is no doubt part of an educational campaign to show our people in the form of these public buildings the things which come from other parts of the world. That policy has been carried on for years and possibly the sort of material required cannot be obtained in Canada.

Mr. Winch: But that is not the point. Did the minister say that this building will cost $9 million?

Mr. Winters: Yes, of the order of $9 million.

Mr. Winch: And the minister informs us that out of the $9 million structure it is required to have a $60,000 importation of Italian marble. But that does not make sense to me, Mr. Chairman. The importation of $60,000 worth of Italian marble may not be a considerable item, but I would point out to you, Mr. Chairman, that the marble polishers and granite finishers in Canada could have nine months' work on that amount.

Mr. Winters: No.

Mr. Winch: Yes, I believe they would.

Mr. Winters: I understand the polishing in Canada would represent about $37,000 and perhaps give work to some 45 men for about three months.

Mr. Winch: The minister has not contradicted me one bit. As a matter of fact, he has helped me considerably and I appreciate that. That work could go to the people of Canada and they would reap the benefit from the expenditure of this $60,000 item out of a total expenditure of $9 million. But I still cannot understand why we should import Italian marble.

The Chairman: Shall the item carry?

Mr. MacLean: No, Mr. Chairman. When this item was last being considered by the committee on March 12 I was about to make some comments when the committee rose. I propose to make these comments now. First of all, I would like to congratulate the minister on his appointment to the very important portfolio of Minister of Public Works. I believe the choice is a very happy one and for a variety of reasons I am pleased that he holds that portfolio. To begin with, he is an engineer and I think the ministry of public works is a job which should be held by an engineer. I am also glad to see this portfolio come to the maritime provinces, and, without being facetious, I believe another reason why the present minister is highly qualified to hold the post is that he received at least part of his education at the university from which I myself graduated.

An hon. Member: A great man.

Mr. MacLean: We are both great men. I think perhaps the Prime Minister made the best possible selection when casting about for an appointee to fill this position, particularly when one considers the limitations placed upon his freedom of choice.

The minister has a very important task before him, because I believe the Department of Public Works is one of the most important portfolios in this government. It is one with which every part of the country is intimately concerned. I was pleased to hear the minister say that it is hoped that in future more of the construction work being carried out on behalf of the government will be undertaken by his department. I think that is as it should be, and I will be looking forward to the day when all public building construction, or as much as possible, will be done by the Department of Public Works. The minister's job is an important and difficult one for another reason. It is especially difficult because I think his department perhaps ranks lowest of all government departments in public esteem. As a result of its past history people have not had too much confidence in it. I think the general feeling of the Canadian people with respect to this department in past years is aptly expressed in an article found on page 6 of *Maclean's* magazine of November 1. The article is written by Blair Fraser and reads in part as follows:

> Normally the Minister of Public Works knows a great deal about politics. Now, for the first time in human memory, he knows something about public works. Public works has been, in fact, the last surviving puddle—

He does not say how big the puddle is.

> —of the great dismal swamp of politics and patronage which once engulfed the whole government service. There hasn't been an actual scandal

in the department since the 1890's, when the notorious McGreevy affair exposed a nasty situation, but though old-fashioned graft was cleaned up, old-fashioned patronage was not. Public works remained proverbial, in and out of the government service, for inefficiency and general ineptitude. This was not the fault of the harried handful of competent civil servants trying to run the department. They had to work with the blunt instruments the politicians gave them, and as the years went by they got more and more discouraged and resigned to defeat.

I am delighted to be able to hope that the department is now starting with a clean sheet and that things will be different in the future. Before I go further, may I say that I sincerely wish the minister and his deputy minister success in their attempts to bring about this very necessary improvement. Both today and on March 12 a great deal of concern has been expressed about the possibility that certain parts of the country are discriminated against simply because they see fit to elect to parliament members who are not supporters of the government. I trust that is not so and that it never was so, but I know for a fact that a very large percentage of the Canadian people believe that it is so. There is no denying that they have been encouraged in that belief from time to time by certain people in this country merely for their own personal benefit.

I was delighted to hear the minister say that when consideration is given to new public works decisions will be reached on the merits of the work in question and the merits alone. I was delighted to hear the minister say that because if he makes that understood at every turn he will have gone a long way toward improving the esteem in which his department is held by the general public.

There is another matter that I wish to refer to briefly, and I was pleased to hear the minister say that there will be a change in this connection. I refer to the custom in the past of putting items in the estimates that apparently have had no meaning. It has been customary year after year for items to appear in the estimates and for the money not to be spent. The explanation that has been given is that some time before the estimates come before parliament again someone might be moved by some whim to start on some public work, and that therefore it was nice and convenient to have an item in the estimates so that they would have authority for doing so if the occasion should arise. If estimates are meaningless it makes a mockery out of considering them, and I am pleased to hear the minister say that in the future items will appear in his estimates only when it is contemplated that the work will be proceeded with in the year ahead and before there is another opportunity to present a similar item to parliament. But that has been far from the case in the past.

As an example, I should like to cite the case of the public building in Charlottetown. To satisfy my own curiosity I examined the estimates of the last several years and I found that an item has appeared for this building in every year since 1947 to date, with a cumulative total of $1,500,000. As yet there is no visible sign of any building being constructed. I am delighted to know that the project will go forward in the year ahead. But the unfortunate thing about the recurrence of such items in the estimates is the fact that our budget is based on the estimates, and taking only the case to which I have referred the Canadian people have already been taxed to the extent of $1,500,000 for a building the construction of which has not even commenced. To me that is not good business.

I think the estimates should be real and meaningful estimates of the money actually to be spent in the year ahead. Then funds can be raised to meet the proposed expenditures from year to year. I think that is only common sense and good business. I believe the Canadian people are sick and tired of paying real taxes for meaningless estimates to build phantom buildings. There is nothing else I want to say at the present time except that I note that under this item there is a considerable increase in the amount set aside for wages. That is caused in part, I understand, by the fact that the staff has been increased by twenty-five and partly by an increase in the rates of wages. I would be very pleased if the minister, when convenient, would explain a little more fully how much of the increase is for increases in rates of wages, how much is for additional members of the staff, why additional staff is necessary and whether the addition to the staff is an addition because the department is taking over work which was formerly done by other departments or whether it is really an increase in the total number of civil servants.

Mr. Fairey: I am sorry to revert again to the Marpole bridge but I feel that as a former member of the British Columbia civil service I was in a position to know the feeling of the people in government circles and the people of Vancouver with respect to an understanding between the federal government, the government of British Columbia and the city of Vancouver. Certainly it was our understanding that if it had not been for the procrastination of the city of Vancouver the Marpole bridge would have been built long ago.

I can clearly recall that the Hon. E. C. Carson, minister of public works at the time when I was deputy minister of education, told me there was a definite commitment on the part of this government and all that was standing in the way of proceeding with the building of the bridge was the question of a site. He told me also that three engineers had unanimously chosen the Fraser avenue site, but they could get no agreement from the officials of the city of Vancouver.

It is true that there is no legal obligation on the part of the federal to make a contribution towards this bridge. I feel that is something we must remember. It is a matter of expediency or if you like an implied obligation on the part of this government to service the airport that caused the ministers of that day to agree that federal assistance be given, and that they were quite prepared to proceed on a three-way basis with the province and the city. That was the definite understanding.

Mr. Winch: A one-third contribution?

Mr. Fairey: I am just giving my impression, Mr. Chairman, and the impression certainly of the most of the people of Vancouver and British Columbia. Certainly that was the impression in the minds of the officials of the provincial government. I feel I should say that. I hope that the minister will, as he has been urged by several speakers, take a second look to see if we cannot come to a settlement of this vexed question.

Mr. White (Middlesex East): Before the item passes there are one or two questions I wanted to ask the minister. As he has said earlier, I realize that the expenditures deal with the current year and not the distant future. But upon looking over the details of the estimates I was unable to find any great increase in the amount of money that will be spent for harbours and wharves on lake Erie or lake Huron. I was looking into the future hoping that possibly in view of the proposed new seaway more attention would be paid to the facilities at these various ports. With the increasing cost of highway and railway transportation, I am hoping that water transportation on the great lakes will offer a cheaper alternative method of transportation than we have enjoyed in the past. As a consequence, I asked that question.

Upon going through the estimates of the Department of Public Works I found no mention of any item dealing with the seaway. I see item No. 444 in the Department of Transport deals with that but I presume a portion of the work will eventually be done by the Department of Public Works. I hope it is not out of order to mention that, with all the negotiations and talk going on about the seaway, I am hoping it is not the policy of this government to try to get the United States to join with us in the building of the seaway. I believe that the policy of the government should be to do everything in its power to make it an all-Canadian seaway so we can have control of it, and it will not be one of those international things about which there is bickering all the time. We know what has happened to our tariffs. I just mention that in passing.

I see there is an item of $100,000 for the dock at Kagawong on Manitoulin island. I believe I mentioned that a year or two ago. Then we come down the great lakes and I notice there is an item of nearly $100,000 for Colchester and another item of $100,000 for Kingsville. However, I notice that there is only about $19,000 for Pelee island. Kingsville and Leamington are two ports that serve the Pelee area, but there are two docks on Pelee island, the north dock and the west dock. I have been there a good many times and know something about the area. It is increasing in importance, and there is a vast amount of agricultural wealth produced on the island. I believe these people are hoping that more improvements in the dock facilities will be made.

I suppose I really should not mention this but I heard the hon. member for New Westminster referring to political bait held out to constituencies. I feel that the minister does not want any part of that. He gets dragged into these things against his will. I was glad to hear him say that his decision as to proceeding with public works would be based on the merits of each case. I commend him for that statement. In passing I want to mention to him that during the heat of the by-election in Elgin reference was made to the fact that more could be gained for the constituency if a member on the government side were elected. Figures were brought forward that such was not the case. The new member for Elgin will be here next week, so I am not going into that any farther. Apparently the results would indicate that people do not like to be dealt with in that manner.

Mr. McCullough (Moose Mountain): I should like to bring a matter to the attention of the committee that is of concern to all members. I refer to the shelf of public projects we were supposed to have back in 1945. I noticed from a perusal of the estimates before us there is an increase in the amount allotted this department over last year by $10 million. It is quite natural that those of us who feel that something of a dynamic nature should

be undertaken by this government to overcome the unemployment situation in this country are quite concerned about the loss in potential prosperity, if I may put it that way, due to the loss of man-hours.

Back in 1945 when I came into this house, Mr. Chairman, at the end of the war, I recall that we were faced with the question of: where do we go from here? The war was at an end and we were wondering whether the Canadian economy would retrogress into the conditions we experienced in the thirties. At that time I recall, as many other hon. members will, the government gave confirmation of the fact that they had a shelf of public projects which could be undertaken if the Canadian economy showed signs of lapsing into a condition which would bring about unemployment. This scheme of public projects sponsored by the federal government was to overcome that difficulty.

Upon returning to the House of Commons this year I find that apparently this shelf of public projects has either gone into the wastepaper basket or has been forgotten. I should like to bring to the minister's attention the fact that in Canada today we have a very grave unemployment situation. In excess of 500,000, nearly 600,000, people have registered for employment. If we want to prevent the loss of wealth which these people could produce for the Canadian economy, then it is the responsibility of the federal government to undertake a dynamic policy of public works. To make a mental calculation of what we are losing today in man-hours one could take the very conservative figure of 500,000 unemployed on a five-day 40-hour week, and arrive at the colossal sum of 80 million man-hours per month that we lose.

Those of us in this group say that after all real wealth can be created only by the application of our labour force to our natural resources. One can see readily that there is nothing very dynamic in the present economic system of Canada if that is all the government has to offer. Therefore I urge the Minister of Public Works who, I know, is an excellent minister trying to do his part, to develop a public works program. I do not know what influence he has with his colleagues in the cabinet. We do know however that tremendous expenditures are being made for defence, reaching about $2 billion and, in the circumstances, I think it is reasonable, wise and expedient to use some of our public money in a vigorous public works program.

I suggest that in this connection the minister would do well to confer with his colleague the Minister of National Health and Welfare, and that they consider what is involved in the protection of our people in a time of war when hydrogen bombs might be used. Anyone who has made any study of the subject knows that under our civil defence program there are no facilities with which we could protect ourselves in such event.

I do not know what the plans of the government were when they told us between 1945 and 1949 that they had a shelf of public works projects, but I am saying to the minister now that right at this moment it would be expedient for the government to give serious consideration to considering a real and dynamic program through which we will develop our resources and make use of that shelf of public projects by proceeding with slum clearance, the elimination of level crossings, and thus stamping out accidents at those crossings, and entering into commitments or agreements with the Minister of National Health and Welfare for the development of a program all along the line in the matter of public works. I should think this would be preferable to reducing the expenditures of last year or to the $130,776,751 indicated as the expenditures for this year.

If there are any public works projects on the shelf that could be proceeded with, in my opinion it would be expedient to go forward at once with them and thus eliminate some of the unemployment.

It is all very well for members of the House of Commons who are receiving their indemnities and who have financial security. But when we leave the House of Commons for the Easter vacation and return to our homes we will meet people whose incomes have fallen because they have been unable to sell their grain. And when the farmers are not in a position to employ help, there are many who are unemployed. To put the matter succinctly, we will find many who are unemployed. It is a most serious thing when one's income is cut off completely. The government should have sufficient vision and vitality to go ahead. If we are going to tell the world that this is a free world, and that we live in a dynamic economic society, then let us get busy and do something about it.

Mr. Green: Mr. Chairman, I should like to ask the Minister of Public Works one question in connection with the point raised by the hon. member for Vancouver East when he discussed the use of Italian marble in the new post office building at Vancouver. The minister will recall that I asked him a question on March 17 about this marble and he answered on March 19 indicating that Italian marble was to be used. Before plans or specifications of this kind involving the

use of such articles from abroad are passed by the minister's department is there any attempt made to find out whether there are men unemployed in the districts where similar work is being done in Canada? Here we find men unemployed in Vancouver, and yet the minister has admitted this afternoon that if Canadian rather than Italian marble were used it would give employment to 45 men for three months. That is not something to laugh at. It means that 45 families would have had the benefit of three months' work.

When it comes to a question of whether 45 men should be given work, or whether we should have marble of a little finer texture in a post office, I think the only reasonable decision would be to give the men work. I presume what happened was that the Vancouver architect wanted to have a fine monument to himself, and with this in mind he called for the fine Italian marble. Then when the specifications reached Ottawa the officials here did not bother to make any change or to find out whether or not there were men in Vancouver who were out of work.

Is it the policy of the department to make inquiries about those who are out of work before it approves specifications which will mean giving work to people living in other countries?

Mr. Winch: Is any study made by the minister's experts as to the availability of products of a type similar to those to be imported? I ask that question because I believe there is in the constituency of the hon. member for Okanagan Boundary quantities of marble and granite of similar texture and hardness to that imported from Italy. Was any investigation made on that point, or was there any study given to it?

Mr. Winters: Replying to the question of the hon. member for Vancouver-Quadra, the answer is yes. All public projects are undertaken having due regard to the labour situation in the area. I think perhaps the hon. member may be placing the emphasis in the wrong place. On the positive side is the fact that we are building a $9 million building in Vancouver, and that this will provide a substantial body of employment. I suggest it is not quite fair to attempt to emphasize the relatively few people who would be employed if we were to do certain other things.

Surely the main consideration is that we are building a very large building at a cost of over $9 million, and thereby providing a considerable amount of employment that otherwise would not be available if the building were not being erected. I can assure my hon. friend that we have gone to considerable extremes in other fields to ensure that Canadian materials are used, and that the Canadian content of labour in this $9 million structure is kept at a very high level, indeed.

The Deputy Chairman: Order. I shall have to interrupt proceedings to point out that it is now five o'clock, and that the house will proceed to the consideration of private and public bills.

Item stands.

Progress reported.

PRIVATE BILLS

CONSIDERED IN COMMITTEE—THIRD READING

Bill No. 418, to incorporate Baloise Fire Insurance Company of Canada.—Mr. Cannon.

REPRESENTATION ACT

AMENDMENT SUBSTITUTING "SWIFT CURRENT-MAPLE CREEK" FOR "SWIFT CURRENT"

Mr. W. G. Weir (for Mr. Studer) moved the second reading of Bill No. 420, to amend the Representation Act.

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, in spite of the fact that I have not seen a copy of this bill, although it looks as though I am going to see one in a few seconds, I have no objection to the second reading being called today. Perhaps the hon. member who is sponsoring the bill in the absence of the hon. member who introduced it might be willing to let it stay in committee of the whole so that we can have a look at it, after the printed copies have been distributed. That would facilitate its getting third reading the next time public bills are called.

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

On clause 1—*Swift Current-Maple Creek.*

Mr. Green: May we have an explanation?

Mr. Pickersgill: I will be glad to give a brief explanation. It appears that when the act was passed last year to change the name of the constituency of Swift Current to "Swift Current-Maple Creek" there was not a second clause put in it to make the change in the Revised Statutes of Canada, so that it applied until the revised statutes came in by proclamation, I think on September 15, but it is no longer the law. I think it was clearly intended by parliament that it should have been. It was simply an omission in drafting last year. The purpose of this bill is to correct that omission in the Revised Statutes of Canada, and it has no other purpose whatsoever.

Clause agreed to.

Title agreed to.

Bill reported.

The Acting Speaker (Mr. Applewhaite): When shall the bill be read a third time?

Mr. Stanley Knowles (Winnipeg North Centre): Despite my suggestion a moment ago that the bill might stand over, now that we have had a chance to look at it, and since it is obviously so simple, there is no objection to third reading now.

Bill read the third time and passed.

SUPPLY

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

DEPARTMENT OF PUBLIC WORKS

360. Departmental administration, $821,732.

Mr. Jones: I should like to make a few remarks with respect to the discussion that took place before five o'clock regarding the use of Canadian products in public buildings. It is well known that the only real consumer of marble in Canada is the government itself. Most structures are built of cheaper products, stone, wood, brick and so on, especially concrete. With the government itself showing a bad example by importing marble from Italy, it kind of upsets the whole economy, particularly in my own part of Canada where we are very proud of the type of marble we can produce. In the interior of British Columbia, in the Kootenays and Okanagan valley, we can equal marble or any other stone produced in Italy or in any other country, and we are proud of that. At the present time we consider them depressed industries. Many of the quarries are closed down for lack of customers; many of the quarries have been pretty well closed down for the last ten years for that same reason; but recently the government itself was seeking a hard stone for an extension to the post office in Penticton, and they came to the conclusion that the stone that had already been in use in the old buildings for forty years or fifty years was the best stone that they had seen.

That is the impression given to me by the architect. This particular stone is produced in abundance. There is a vast deposit of it not far from Penticton. I understood at the time, two years ago, that the government were anxious to acquire the rights to that particular quarry. Whether they did so or not, I am not sure. But if they did, they certainly have first-class stone equal to anything they can bring to this country from Italy.

On behalf of that depressed industry I would suggest that the government, before a contract is let for any more marble or any more hard stone from any other part of Canada, take steps to find out what we have in the province of British Columbia. If they do not wish to go to the expense of doing that, I may say that the provincial government already has all the information with regard to these various marbles and the hard rock that we have in such abundance. I would suggest to the minister that, in fairness to our province and before he places an order again for marble, he should take steps to find out whether a similar product is available in the Okanagan valley, the Kootenay valley or one of the other valleys in British Columbia.

Mr. McIvor: The outstanding example in Canada today where local stone or Canadian stone has been used is this House of Commons. When you look at this building you see this beautiful stone which comes from Tyndall, Manitoba. That fact shows that the government is right on the job.

Item agreed to.

Architectural branch—

361. Branch administration, $701,299.

Mr. Green: This item covers branch administration of the architectural branch. Turning to the details on page 431 we find a list of people who are working in that branch. I take it from these figures that there are 28 architects, 23 engineers and 23 technical officers. Can the minister tell us whether or not those figures are correct?

Mr. Winters: I assume that my hon. friend has totalled the figures shown on page 431. I accept them as being correct. I have not totalled them myself.

Mr. Green: Are these people all employed in Ottawa?

Mr. Winters: The answer to that question is yes.

Mr. Winch: What is the position of a member of this house if he wants to get from the architectural branch some information on plans and specifications and calling for tenders? The reason I raise this question is this. I am naturally interested in the Vancouver post office because I am a member from the city of Vancouver. Over a period of almost months now I have received communications from various unions asking about the type of architecture, about the construction, how much is granite, how many floors there are

and various other questions. I wanted to answer those questions. Several weeks ago I got in touch with the architectural branch of the Department of Public Works with regard to the post office. I asked if I could see the actual plans and specifications. That was weeks ago. I have never seen any plans or specifications to this date. Are they secret or what? When I, a member of the House of Commons, ask to see plans and specifications, why cannot I be allowed to see them?

Mr. Winters: There is no reason why not. A member of the House of Commons is quite entitled to see the plans and specifications of a building, once those plans and specifications are complete. Would the hon. member care to tell me—and perhaps he would care to do it privately—to whom it was he spoke? I should be glad to discuss the matter with him.

Mr. Winch: It was your chief architect.

Mr. Winters: The chief architect says that the plans and specifications have not been refused.

Mr. Winch: I have not got them.

Mr. Harkness: I notice that there is a considerable increase in the number of personnel, from 128 to 158. I refer particularly to the point that I think the hon. member for Vancouver-Quadra was making. Quite a part of this increase in personnel is accounted for by an increase in the number of architects. Can the minister explain the reason for this increase amounting to over 20 per cent in the number of personnel required for branch administration in the architectural branch? Is there a great deal more building projected than was the case previously or is this chiefly for planning for what used to be called the shelf of public projects for the future? Or what is the general explanation?

Mr. Winters: The reason for the increase is to try to make our program of planning a little more current. We had a backlog because of the difficulty of obtaining architects and technical assistants. On more than one occasion my hon. friend has referred to the number of revotes. We are endeavouring to bring the program up to date, to get some of these revotes out of the estimates and to get on with the program of new work.

Mr. Harkness: In other words, this increase is to put current work into operation, as you might say?

Mr. Winters: Yes; that is correct.

Mr. Harkness: Rather than for future planning?

[Mr. Winch.]

Mr. Winters: That is correct.

Mr. Dinsdale: I am wondering whether it is the policy of the Department of Public Works to look after all the architectural functions for these various activities across the country or whether in some cases this work is handed out to private firms in the local area where the work is to be done?

Mr. Winters: There are many instances in which buildings are designed for the department by private architects. That is part of the department's policy.

Mr. Dinsdale: Is it the policy in the public works department to do most of the architectural work or do they call in the private architects only when the departmental officials are not able to handle the quantity of work involved?

Mr. Winters: The general policy has been for the department to do the smaller buildings. Normally one design of building will serve the purpose of two or three different communities. It is standard practice to use that design to the extent that we can do so, having in mind the need to blend any building into the community. The larger buildings have almost invariably been designed by private architects because we regard that work as being beyond the capacity of our people to deal with, having in mind the heavy load of smaller work that is on them. When judged in the light of dollars and cents I would think the division would be just about even; I would think that about half of it would go to the private architects and that half of it would be done by our own people. It would be something of that order.

Item agreed to.

362. Ottawa—maintenance and operation of public buildings and grounds, including repairs and upkeep, rents, furnishings, heating, etc., and to authorize commitments against future years in the amount of $500,000, $14,996,664.

Mr. Green: This item has to do with buildings in Ottawa. Can the minister explain why extensive repairs and improvements are being made to the old printing bureau? I understand that the new printing bureau is to be occupied next year; I refer to the new building in Hull. But in spite of that fact, there is a good deal of face-lifting going on in the old red building behind the Chateau Laurier. I believe the plan is to tear it down, but they are now installing new fluorescent lighting and the offices are being altered and redecorated, a new intercommunication system installed, and repairs being made to the brick work. Will the minister explain why public funds are being

used for that purpose in view of the fact that the new building is to be occupied next year? We are all aware that the new building will cost quite a few million dollars and that in itself will be a big enough bill for the taxpayers to meet, and it does seem to me a little rough to be adding on a bill for fixing up the old building when it is to be vacated in any event.

Mr. Winters: Mr. Chairman, the new building for the printing bureau in Hull will not be occupied for another two years. In the meantime it is necessary to maintain the present building and the repairs, which are relatively minor, consist of some brick work. I also understand that the printing bureau has a requisition for some 400-odd fluorescent lamps which will be necessary during the period they will be in the building, which will be another two years in any event.

Mr. Green: How much are these repairs and the new equipment going to cost?

Mr. Winters: There is an amount of $2,300 for the repair of the brick work, but I have not the cost of the 400 fluorescent lamps before me now.

Mr. Green: Will the minister provide that figure?

Mr. Winters: Yes.

Mr. Green: And also the figure for the alteration and redecoration of the offices, and for the new intercommunication system which has been installed.

Mr. Winters: I know of no intercommunicating system. Perhaps my colleague the Secretary of State is aware of that. In any event, I will get the answers to the other questions.

Mr. Green: There may be some alterations about which I have no knowledge, and perhaps we could be informed of the total amount which has to be spent.

Mr. Winch: I may be out of order on this, Mr. Chairman, but it will only take a moment. It has to do with the question of maintenance. Might I suggest to the minister, through you, sir, that he call in some lighting engineers and experts in regard to the lighting in this chamber. It is bad.

Mr. Winters: May I just say, Mr. Chairman, that that matter is in hand. We have in mind a program to make a survey of all the lighting in the building.

Mr. Brooks: Mr. Chairman, item 362 is a small item but I notice half-way down page 433 there is an item of $49,638 for 1954-55 as against $22,240 in 1953-54 and which covers "foremen of char service". This service has been more than doubled. We have 18 for next year but we had only eight for 1953-54. I also note that the number of cleaners and helpers is about the same. Perhaps the minister will tell us why there has been this substantial increase in the "foremen of char service"? It seems to be out of all proportion.

Mr. Winters: The only answer I can give at the moment, Mr. Chairman, is that we have acquired a considerable amount of additional space during the year. I have not the detailed statement but perhaps if my hon. friend will permit I will bring him a detailed statement after the dinner recess.

Mr. Brooks: The item does not show that we have employed more cleaners and helpers.

Mr. Winters: There are more.

Mr. Green: In the details for this item at page 435 there are some quite substantial increases and I would like the minister to explain them. For example, professional and special services cover $186,750 which is an increase of about $56,000 over last year. Could the minister tell us why there is this increase and exactly how that money is to be spent? Then "moving government departments and services" has increased from $100,000 to $150,000; furniture and furnishings for government departments show a total of $1,123,000 compared with $1,027,500. Materials and supplies are up about $90,000; repairs and upkeep of buildings including materials required therefor are up by $500,000; rents are up by about $40,000; light, power, water and other public and municipal services are up by $123,000. Will the minister explain why there have been these increases, and also give us some details of these items?

Mr. Winters: Under the first item to which my hon. friend for Vancouver-Quadra referred, professional and special services, there is an increase of $57,200. That increase covers the employment of window cleaners from outside firms and the amount is $68,000 compared with $23,000 in 1953-54. We have in mind a program of having some of this window cleaning done by outside services. It is now being done on a day labour basis. We are going to do some experimenting in that field to see whether we cannot overcome the problem by inviting tenders from people who specialize in char services. We will then compare results with the present method. We have increased the vote for that purpose. That is really the only large item.

Mr. Green: Where can we find the same item for last year? Did it come under casual help?

Mr. Winters: It came under casual help last year.

Mr. Green: And casual help is up $45,000?

Mr. Winters: Yes, but this is due to additional occupation. Each new building we occupy requires more casual help.

Mr. Green: Could we have further details on the items I mentioned?

Mr. Winters: Moving government departments and services?

Mr. Green: I mean the rest of the charges for professional and special services.

Mr. Winters: The rest of the charges are these: Rideau Hall—Dominion Electric Protection Service $650; Rideau Hall—sprinkler system—Dominion Messenger and Signal Company $300; Rideau Hall—control of rodents $200.

Mr. Green: What?

Mr. Winters: Rats.

Mr. Knowles: How much per rat?

Mr. Winters: Then there is the item I mentioned, window cleaning $68,000; electrical protection—Dominion Electric Protection, sprinklers, etc. $65,000 which is the same as last year. The general item of control of rodents in buildings around Ottawa amounting to $14,000 compares with $17,000 for last year, a saving of $3,000.

Mr. Green: That is a break for the rats.

Mr. Winters: It is a break for the taxpayers too. Then we have payments to tenants to clean corridors, remove garbage, etc. $12,000; the Prime Minister's residence —payment to steward as representative of public works department in household $1,000, which is the same as last year; House of Commons—operation of sound reinforcement system $20,000, the same as last year; then the Bell Telephone—clockline service $600 compared with $800 last year; and then we have an item for contracts for deodorizers $5,000.

Mr. Green: Is that for the cabinet or the government?

Mr. Winters: It is for buildings generally.

Mr. Richard (Ottawa East): Is it the intention this year to do all the window cleaning by contract? I know that some of it has been done by contract every year, but is it the intention to do all window cleaning by contract this year?

Mr. Winters: No, it is not. This is just to provide a further amount for additional contract work we wish to do, but it is not the intention to do it all this year.

Mr. Green: What about the other items in this vote which are increased?

Mr. Winters: In the item for moving government departments and services there is an increase of $50,000. This item provides for payment to moving companies for moving furniture, files, etc., from one building to another. Each year considerable reassignment of accommodation takes place in Ottawa, and for the fiscal year 1954-55 a considerable number of moves are foreseen.

Mr. Green: The minister has not dealt with the others yet. What about furniture?

Mr. Winters: In furniture and furnishings for government departments there is an increase of $95,500, or 9 per cent. Much of this furniture is for the new veterans affairs building which will be occupied this year. Would my hon. friend like me to itemize some of these?

Mr. Green: All right.

Mr. Winters: For furniture for various departments, replacements and new furnishings for expanding services there is an amount of $962,500 compared with $876,000 last year. For venetian blinds the amount is $25,000, the same as last year; upholstering and furniture repairs, $15,000, the same as last year; the Prime Minister's residence, furnishings, $2,000, a decrease of $2,000 compared with last year; Rideau Hall, rugs and carpets and material for drapes and slip covers, $2,500, the same as last year; Rideau Hall, replacement of furniture, $25,000, the same as last year.

Mr. Green: How much?

Mr. Winters: $25,000, the same as last year.

Mr. Brooks: Are they spending $25,000 a year on furniture?

Mr. Winters: I would hope that would not be every year. My hon. friend doubtless has been there and has seen the furniture. It has been there for many years and is in need of repair and replacement. I have seen it myself and I quite concur that some considerable renewals are necessary.

Mr. Green: Is that to be $25,000 a year?

Mr. Winters: No, that is just the vote for this year.

Mr. Brooks: And last year.

Mr. Winters: Then we have Laurier House, repair of furniture, $1,000, the same as last year; House of Commons, reupholstering and repairing seats in diplomatic and side galleries, $6,000; House of Commons, furniture, rugs, filing cabinets, coolers and fans, $35,000, the same as last year; House of Commons,

repairing standard electric fans, $2,000, the same as last year; House of Commons, new hall clocks, $2,000, the same as last year; the Senate, furniture repairs, $10,000; the Senate, furniture, rugs, coolers, fans, etc., $20,000. These are the main items of expenditure.

Mr. Green: What about materials and supplies?

Mr. Winters: There is an increase of $91,050, or 6 per cent, over last year. That consists of lamps and supplies, $66,000 compared with $63,000 last year; Laurier House, supplies for char service, $150, the same as last year; Laurier House, fuel, $1,200 compared with $1,300 last year. Then we have heating supplies, $995,000 compared with $964,000 last year; Rideau Hall, fuel, $22,000 compared with $22,700 last year; Rideau Hall, repairing and replating of silverware, repairs to kitchen equipment, $2,000 compared with $2,500 last year; Rideau Hall, supplies for greenhouses, $6,500 compared with $6,000 last year; Rideau Hall, china and glassware, $2,000 compared with $4,000 last year.

Mr. Green: Is that an annual item?

Mr. Winters: No. It is as required for the year. Rideau Hall, new beds and bed linen for household staff, $2,000; uniforms and caps, $12,000; experimental farm, fuel, $151,000; flags and decorations, $15,000; House of Commons, supplies for parliamentary restaurant and cafeteria, $15,000, the same as last year; ice, $8,000, the same as last year; fire extinguishers and refills, $18,900; supplies for char service, $220,000, the same as last year; Prime Minister's residence and coach house, fuel, $1,900.

Mr. Johnston (Bow River): I have a question pertaining to this very matter. I note that quite a substantial amount is spent in replacing furniture, carpets and so on in the public service. When you replace furniture, what happens to the old furniture? How do you dispose of it? Is it sold or is it taken to the incinerator and burned? What happens to it?

Mr. Knowles: It is taken out of Liberal offices and put in opposition offices.

Mr. Winters: My Liberal friends say that just the reverse holds true. Some of it of course is repaired and put back into use. Furniture that cannot be used further is declared surplus to Crown Assets Disposal Corporation and disposed of by my colleague, the Minister of Trade and Commerce, who is responsible for Crown Assets Disposal Corporation.

Mr. Johnston (Bow River): Does that apply to furniture and things of that sort?

Mr. Winters: Oh yes.

Mr. Johnston (Bow River): Crown Assets Disposal Corporation handles that too?

Mr. Winters: Yes.

Mr. Winch: I have a question which I feel certain is in the minds of many members but perhaps they do not want to speak about it. What is in the mind of the minister with respect to the office accommodation of members of the House of Commons? In the majority of cases there are two members to an office at the present time, and I think that in all such instances they get along quite happily. But it does not make for efficiency in the work of members of the House of Commons.

Mr. Winters: Have you any particular members in mind?

Mr. Winch: Two members cannot be dictating to two stenographers at the same time without there being confusion. If one member has any visitors it disturbs the entire office. I think every member of the house who is in the position of occupying an office jointly with another member knows the problem. It is a very serious one, not only from the point of view of the efficiency of members of the House of Commons but also with respect to the impression that the general public gets from reading press comments about members not being in the house itself. It is my own personal experience that when two members occupy the same office they split up in shifts so that each can have the office to himself for a while in order to do his work and give his dictation. You cannot be both places at once. Every member knows that is the situation.

It is not fair to members of the House of Commons so far as their work is concerned and the reaction of the press is not fair in pointing out that often over half the members are not present in the house. We know that in the majority of cases they are in the building because when the division bell rings they take their seats in the house. I think one of the big problems is the matter of office accommodation for members. I believe that this vote is the proper place to raise the question, and I should like to ask the minister whether he has anything in mind that will bring about a better distribution of office space for members of the House of Commons.

Mr. Winters: I agree with much of what the hon. member for Vancouver East has said. I know there is a great deal of congestion, and I know that many members are

working under conditions that are not conducive to the best over-all efficiency. I must say that if my hon. friend had not brought it to my attention I would not have noticed he was working at reduced efficiency himself.

We are in the process of negotiating now for the services of an architect to do a complete job on remeasuring the west block, which is a very old building. The plans have been lost, and the building must first of all be measured. Then we propose to get a competent architectural opinion on how that building could be rebuilt, if necessary, so as to provide the best utilization of space. Once the building is rebuilt, then I would imagine Mr. Speaker would have in mind moving to the west block many of the facilities that are presently housed here in the centre block. Some action has already been taken to that end, and I would hope that we could look forward to the day when many more facilities would be housed in the west block thereby releasing accommodation in this centre building for the use of members.

Mr. Knowles: I notice that included in this item the minister has an amount of $998 to be paid to thirteen persons listed as caretakers of tower clocks, part-time. I presume that it is the caretakers that are part-time and not the clocks. Could the minister tell us where these people work? The amount averages out to about $76 per year per person, and perhaps an explanation could be given. The item appears on page 437, about ten lines down.

Mr. Winters: It is an outside Ottawa vote.

Mr. Knowles: I am sorry, my page did get turned over, but perhaps the minister could answer in any event.

Mr. Winters: It is on page 437, and relates to caretakers of tower clocks, part-time. It is an additional payment to those janitors in post offices where there are tower clocks, for looking after the tower clocks. This item is for the whole country.

Mr. Knowles: This average of $76 a year is in addition to another salary.

Mr. Winters: That is right.

Mr. Nesbitt: I was interested in listening to some figures the minister was reading. I noticed there was an item of $8,000 for ice. I should like to know whether there is an ice manufacturing plant in the House of Commons here, or does the ice have to be purchased?

Mr. Winters: This ice is purchased from private ice manufacturers.

[Mr. Winters.]

Mr. Nesbitt: I presume it is artificial ice rather than natural ice. If it is costing $8,000 a year to supply ice, could not an ice manufacturing unit be installed that might over a period of time be less costly?

Mr. Winters: The item covers the supply of ice to buildings all around Ottawa. It is possible, I imagine, that the establishment of a plant has been studied. I have not studied it myself. The amount of $8,000 is not very large when one thinks in terms of the expense of installing ice making machinery.

Mr. Green: The minister has not yet dealt with repairs and upkeep of buildings, which is up nearly $500,000; rents are up by $40,000; light, power and water and other public and municipal services are up by $123,000. Could he explain those large increases?

Mr. Winters: I could list the items and the increases. Repairs and upkeep of buildings, including materials required therefor, an increase of $490,890 or 19 per cent; Rideau Hall, painting and repairing various buildings, $3,000; that is down $1,000 from last year. Rideau Hall, pointing stonework; that is the same as last year. Rideau Hall, painting and repairing greenhouses, $2,000; that is the same as last year. Reconstruction of verandah of Rideau cottage, $3,000; repairs to laundry building, $2,000; Rideau Hall, repairs to roof of Government House and other buildings, $2,500; Rideau Hall, installation of oil burners in orderlies' cottage, main garage and carpenter shop, $1,800. Rideau Hall, new baking oven for main kitchen, $1,000. Rideau Hall, painting in interior of Government House and Rideau cottage, repairs and alterations to carpenter and paint shop, repairs and painting boiler rooms, $4,500. Rideau Hall, renewal of certain water mains, $1,000. There is a long list of miscellaneous small items.

The increase generally is due principally to provision being made for exteriors, painting of government owned buildings at an estimated cost of $100,000; electrical repairs in House of Commons, that is replacement of primary electrical switch gear, at a total estimated cost of $100,000; elevator power conversion and renewals at a total estimated cost of $200,000.

Mr. Green: In the House of Commons?

Mr. Winters: That is for elevators in buildings throughout Ottawa, changes from direct to alternating current. Then there are alterations to the Daly building when vacated and reassigned, at a total estimated cost of

$100,000. There is an increase of $123,150 in the allotment, power, water, etc., due to provision being made for new buildings and rentals.

Mr. Dinsdale: I notice on page 443 an item for the national library which is increased this year from $50,000 to $150,000. I wonder whether the minister could make a statement on the progress being made in this project?

Mr. Winters: I think that is in another vote. It is on page 443, and will come under a later item.

Item agreed to.

363. Maintenance and operation of public buildings and grounds, other than at Ottawa, including repairs and upkeep, rents, furnishings, heating, etc., and to authorize commitments against future years in the amount of $800,000, $20,843,057.

Mr. Knowles: I should like to say a few words under this item with respect to the rates of pay in the case of women cleaners, particularly those working in the federal buildings in the city of Winnipeg, who come under the direction of the Minister of Public Works. I am sure that he is well aware of what I am going to say because we have had a fair amount of correspondence concerning this matter. I only hope that by raising it on the floor of the house I might be more successful than I have been in taking the matter up with him by letter.

As the minister knows, when the five-day 40-hour week was instituted for civil servants generally—I refer to the time previous to the occasion when the five-day 40-hour week came into effect for postal workers—that had an effect on the wages received by the women cleaners in the city of Winnipeg which, from their standpoint, was most unfortunate, and I would say it was most unfair. Previously they had been working five and a half or six nights a week, and they were paid on an hourly rate. When the people working in the offices which were cleaned at night by these women went on the five-day week, naturally there was no point in having the cleaning women coming in on the sixth night and cleaning up the offices when those offices had not been occupied during the day. Therefore they, too, went on the five-day week.

Well, they did not mind going on the five-day week, but it was a rather tough blow for them to suffer an actual reduction in their weekly take-home pay as a result of that change. In the correspondence I have had with the minister he has suggested to me that I would not want people to be paid for work they were not doing. I suggest that that was a case of begging the question. The fact of the matter is that other employees of the government who went on the five-day 40-hour week did not suffer any loss in take-home pay. The purpose of the five-day 40-hour week was not to effect a reduction in pay but rather to improve the working conditions of the employee.

Generally speaking that change to the five-day 40-hour week for government employees was effected without any reduction in take-home pay. I have not the page references in *Hansard* before me at the moment, but I can say that during the course of this session I have inquired, through the medium of the order paper and by obtaining answers on the pages of *Hansard,* as to whether there are any other government employees in whose case the fact of going on the five-day 40-hour week resulted in a reduction in pay. The answers given to me suggest that this was the only group.

I suggest, Mr. Chairman, that this is quite unfair, and that something should be done about it. If the minister insists that these people are on prevailing rates and that that makes it impossible to prescribe that they shall now get per week what they got before, the problem could be solved by an increase in the hourly rate sufficient to bring these women up to the same amount of pay they were receiving before.

I know some people think of these women who do this work as though they were in part-time unemployment, or doing casual work. I do not presume to speak for what goes on in other cities, but I do know that these women who are working in the minister's department in Winnipeg are regular, year-round full-time employees. I know some of them personally who have been in this work for ten or fifteen years or more. So they are not to be thought of as casual or temporary employees, whatever their precise legal status may be. They have an arrangement for holidays; one they did not have some years ago, but an arrangement we were able to win for them. They pay unemployment insurance premiums, and they pay into one or other of the superannuation funds. To all intents and purposes they are just as permanent employees of the federal government as are any other employees.

I urge strongly upon the minister that the situation be reconsidered and that the necessary increase be made so that these women may continue to receive at least the same amount they were receiving before the five-day 40-hour week was instituted.

In the course of the correspondence the minister and I have had concerning this

matter he has informed me that the usual survey has been made by the Department of Labour to determine whether or not the rates being paid to these people corresponded with the prevailing rates for comparable work in the same area. He has not been at liberty to indicate to me what is contained in the reports made to him by the Department of Labour, but he has suggested to me that these reports have indicated that his department was doing as well for these women as is the case with women doing comparable work in Winnipeg.

My information is not quite the same as that the minister appears to have received. I am told that women doing comparable work for the T. Eaton Company in Winnipeg are on a 40-hour week and that their rate of pay is seventy-five cents an hour or more. At the Hudson's Bay Company in Winnipeg the rate is exactly the same, seventy-five cents an hour; and, likewise, that is the rate for those working for the Canadian National Railways. Those who are cleaning in public buildings for the city of Winnipeg receive eighty-five cents an hour, and again they are on a basis of a 40-hour week. Women doing this kind of work for the Winnipeg public school board are paid on a monthly rate at the figure of $149 per month.

Mr. Pickersgill: What about the provincial government?

Mr. Knowles: I am sorry I do not have that information, but I have no objection to the suggestion by the Secretary of State that it should be taken into consideration. I hope, however, that he is not trying to show up the provincial government as being a poor employer.

Mr. Pickersgill: Just a matter of curiosity.

Mr. Knowles: But as compared with these rates of seventy-five and eighty-five cents an hour, the rate paid to the women cleaners who work in Winnipeg for the Minister of Public Works is sixty-five cents an hour for a week of thirty-seven and one-half hours in the dominion public building, and sixty-five cents an hour for a thirty-hour week in the commercial building. There are still other buildings that come under the minister's supervision. There is the old post office building, and some others. While the hours per week may vary, I believe the sixty-five-cent rate carries right through.

I could continue the discussion on this point, but it seems to me I have made it clear. I do hope some favourable consideration will be given to increasing these rates so that these faithful employees of the government will not receive less than they were receiving before the five-day 40-hour week came into effect. It seems to me two things are involved: One is the actual rate of pay and the other is that justice should be done.

Mr. Winters: Before recess, Mr. Chairman, may I say just a word. I have every sympathy for the point raised by the hon. member, who has been so interested in the pay received by these charwomen. The position is as he stated it. We have exchanged correspondence in which I informed him of the facts he has put before the committee. They are hourly rate employees. The Department of Labour conducted a survey at the time the hours were decreased to see whether a re-rating was justified. It is true there are private employers in the city of Winnipeg who pay more, but it is also true that the majority of private employers pay less.

After making a very exhaustive survey, the Department of Labour told the Department of Public Works that there was no ground for recommending an increase in the rate at the present time, but that the matter would be kept under review.

Mr. Knowles: Is it government policy to match the minimum rate in the field?

Mr. Winters: It is to match the rate of good employers in the district.

At six o'clock the committee took recess.

AFTER RECESS

The committee resumed at eight o'clock.

The Chairman: When the committee rose at six o'clock we were discussing item 363. Shall the item carry?

Mr. Knowles: May I have one or two words with the minister? At six o'clock we were discussing this question of the wages paid to women cleaners working for the Department of Public Works at Winnipeg. The minister said it was the policy of the government to match the best employers in the field.

Mr. Winters: No, I did not say that.

Mr. Knowles: What did the minister say?

Mr. Winters: I said "good employers".

Mr. Knowles: All right; I will accept that. He said it was the government's intention to match the good employers. Are not the good employers the ones who pay good wages?

Mr. Winters: What I said is a pretty good definition of the position. There is a difference between good, better and best, as my hon. friend well knows.

Mr. Knowles: Just a minute; that puts the government a long way down. Better is better than good and best is better still. So he puts himself in the third category. Seriously, I hope the minister will have this matter looked at again. If he cannot cut through the red tape but has to have another review made by the Department of Labour, I ask the minister to have such a review made in the light of the figures I put on the record this afternoon showing that other women in Winnipeg doing comparable work are getting better pay.

Mr. Winters: I have no objection to that, Mr. Chairman. I told my hon. friend that the matter was under constant review. We have every sympathy with the position of the charwomen in Winnipeg. The position was examined and it was then found that some employers were paying more to charwomen than our charwomen were receiving, but a great many of them were paying less, and on that basis the Department of Labour, which is the department that guides us in these matters, recommended that the rate be not changed at this time.

In reply to a question asked earlier by the hon. member for Vancouver-Quadra about the printing bureau I might say that the Department of Public Works has no request at the present time for electric fixtures but we have received a request for 400 fluorescent lights. These are being stocked to assure replacement of burnt-out tubes and to keep the replacement stocks in the building at a proper level. The replacement of tubes is high due to the long hours of operation at the bureau. The cost is approximately 69 cents each, so 400 comes to $276.

As to requisitions for work, a requisition was filed for resurfacing the press room floor and adjacent hall area with mastic in June, 1953, at a cost of $3,600, and that is the only requisition we have had.

An hon. member asked a question about foremen of char service and pointed out the fact that the list showed eight last year and this year there are eighteen. There are no new bodies, but ten positions of cleaner and helper have been reclassified by the civil service commission as foremen of char service.

The Chairman: Shall the item carry?

Mr. Dinsdale: I should like to return to the subject of architects' service, for a moment. The minister has indicated that in some instances private architects are used. That being so, I should like to know the procedure involved in applying for work on government projects. The reason I ask is that a local firm has been in touch with me and they claim that they have been given the information from the department that in order to participate in work from the Department of Public Works it is necessary to get in touch with the local member and he makes the approach, and it is all the better if that member is a Liberal member. I do not think that is a proper function for a member of parliament to make overtures to the branch on behalf of architects.

Mr. Winters: The hon. member has done it. If it is not proper, then the hon. member has acted improperly.

Mr. Dinsdale: I have had some correspondence on this matter because of the information that came to me, and I realized that under the administration of the minister this policy would not be carried out. I should like to have him indicate it so that it can be on the record and I can indicate to this firm that such is not the policy.

Mr. Winters: Hon. members, such as the hon. member for Brandon-Souris, imply from time to time that Liberal members are the only ones who make requests of the minister. I might say that he is one who has made a request of me, in this case to have an architect, a friend of his, employed and I can see nothing very much wrong with that. But I do want to say that I receive at least as many requests from members of the opposition as I receive from Liberal members, and I see nothing wrong with that either. Hon. members are elected to represent their constituencies with respect to federal matters, and it is only right and proper that they should endeavour to do so.

As to the employment of architects, when outside architects are used in the design of public buildings, the fee is uniform so it is a question of choosing somebody who is competent. There are a great many competent architects in Canada, and I venture to say there are many competent architects in the constituencies of a good many hon. members on both sides of the house. When names are brought to my attention it is my practice to consult with the chief architect to get his opinion as to the competency of those people. I am not familiar with them all. I will be, I presume, as time goes on, familiar with more of them, but at the present time I must reply on the best advice I can get, and I endeavour to choose the architects that will deliver work which will be a credit to the Canadian people generally.

Mr. Dinsdale: Can the minister say that he would prefer the direct approach of the firm rather than have it detoured through a member?

Mr. Winters: I do not think I need to advise architects on how to approach the government to get work. From my short experience in this post I have found out that they do not need much tuition on how to approach the government.

Mr. Green: On page 438 there are particulars of this vote given in two ways: First of all, the actual way the money is spent, that is, for the type of work, and then there is another division according to provinces. Then, I notice this. There is one classification, generally, $809,257, after listing each one of the provinces and London, England. After these listings there is one item which is described as general. Can the minister explain what that covers?

Mr. Winters: May I answer that in a moment? May we pass on to another item and I shall answer that in a moment?

Mr. MacLean: Mr. Chairman, if we could do so, I should like to revert for one moment to the previous item for the purpose of asking a question which I omitted to ask.

The Chairman: Order. Has the hon. gentleman unanimous consent to revert to the previous item?

Mr. Winters: To which item does he wish to revert?

Mr. MacLean: The question comes under item 362.

Mr. Winters: Yes.

Some hon. Members: No.

The Chairman: I hear some hon. members say "no". Has the hon. gentleman leave to revert to item 362?

Some hon. Members: Agreed.

Mr. MacLean: It is a brief question and has to do with the playing of the bells in the tower here. Who is responsible for deciding when the bells are played? What are the duties of the carillonneur apart from playing the bells? I notice that he draws a considerable salary. I think that is only fair. It is about half as much again as M.P.'s drew until recently. I am just wondering what the regulations are with regard to the matter, who is responsible for the programming, the hours and so forth.

Mr. Winters: The content of the program is his own. He is a very competent carillonneur. He reports to the deputy minister and confers on matters respecting administration generally; but normally he is left to his own devices to choose his programs and to choose the time of playing. It is pretty much the same time from year to year.

[Mr. Dinsdale.]

Mr. MacLean: Is there a set number of programs per week or per month, or what is the basis?

Mr. Winters: The program is set up at the first of each year and I think it is published and made available to the public in the form of a little booklet.

Mr. Bell: With regard to item 363, I am looking at page 438 and I see amounts for maintenance and operation of public buildings. I look at the details for New Brunswick and I see that the amount given there is about half of that for Nova Scotia. I thought perhaps that was just because there are not too many public buildings in New Brunswick. But in looking back three years I see that this amount was reduced to the present amount from an amount that was similar to that for Nova Scotia. There seems to be consistency in those amounts. I wonder whether the minister can explain why New Brunswick was cut down to such a small amount three years ago and has not been placed back in its former position.

Mr. Winters: We do not place moneys in the estimates unless we are going to spend the money. We do not place an amount in the estimates for maintenance and operation unless it is so required. My hon. friend will see that this year there is an increase over last year, the amount being $600,000 as against $560,000. That is just for necessary maintenance. Probably in the years to which he refers there was an especially big maintenance project at some particular place. I do not recall it but this is for actual costs of maintenance.

Mr. Bell: Would the reason that the New Brunswick figure is so low in relation to the Nova Scotia figure perhaps be that there was only half the number of public buildings in New Brunswick or is there any consistency there? The other amounts seem to be fairly well the same each year. Three years ago New Brunswick was well up over the million-dollar mark, where Nova Scotia is now. Then we were cut down to about $500,000. While there is an increase this year, I should like to have an explanation as to why the amount for New Brunswick is so low as compared with that for Nova Scotia. Is it because we do not have as many public buildings?

Mr. Winters: It is because the buildings in this current year do not need as much maintenance. That is the real reason.

Mr. Bell: I argue against that contention by saying that the amounts are fairly consistent each year in the case of the other provinces, as they have been for the last two or three years. There is no change.

Mr. Winters: I think my hon. friend should really be pleased that we are able to cut down the amount for maintenance and operation. Surely that is the type of economy he should be pleased about.

Mr. Bell: I am; in the other provinces.

Mr. Winters: It is only used where necessary.

Mr. Knowles: There is one honest politician.

Item agreed to.

Acquisition, construction and improvements of public buildings—

365. Nova Scotia, $1,330,000.

Mr. McCulloch (Pictou): I should like to ask the minister when tenders will be called for the Pictou post office.

Mr. Winters: We plan to call for tenders for the post office in Pictou by June 15.

Mr. Purdy: I might just ask the indulgence of the committee for a moment to take the minister on a Cook's tour of the constituency of Colchester-Hants, running from the Minas basin to Northumberland strait and review our public buildings. First, at Hantsport, Shubenacadie and Stewiacke our buildings are in fairly good repair. I do not think the total for repairs of these buildings will be very much this year. Coming next to Windsor, I may say that last year we understood that the roof and the outside of that building which, by the way is very old—it was built in the early 1880's—was slated for some major repairs. Unfortunately they were not carried out. I should like to have the minister look into that matter to see if the repairs could be carried out this year. When he has looked over the other places in Nova Scotia, where new buildings are needed, I wish he would cast his eye there. I think it is nearly time that that building should be replaced.

I now come to Truro, the hub of Nova Scotia.

An hon. Member: The what?

Mr. Purdy: The hub of Nova Scotia. I am pleased to see that the plans which were brought into being a good many years ago at the time the reconstruction and rehabilitation committee was sitting building up the famous shelf of public works has now taken a little bit more definite shape, and that a lot has been purchased. I hope the construction of the building will be proceeded with without too much delay. I have already drawn to the attention of the minister the fact that the lot which the department has purchased is one of the finest lots in town, on the main street, one of the show places of Canada; and that the shade trees on the street make a wonderful arch. On that lot there are a number of nice trees. If I might just transpose my thoughts for a minute, I might say to him that while speeches are made by fools like me, only God can make a tree. When they start to make their plans for that building I hope they will do everything possible to save as many of the trees as they can.

Now we shall go to the Northumberland strait and to the village of Tatamagouche. Back in 1940 the record will show that an amount was in the estimates for a public building at that point to house the post office. Plans were drawn, the contract was let and work was under way. The basement was dug. The forms were in. Some of the concrete was poured. Then owing to the stress of war, all work on public buildings of that nature was abandoned.

The work that was done was eventually demolished and the contractor settled with and on that vacant lot a temporary post office building was erected. The people of that flourishing community felt that when the contract had gone as far as that they would be sure to have a public building suitable for their needs in due course. However, so far there is nothing in the estimates for that and I would ask the minister to take this matter under advisement and discuss it with his colleague the Postmaster General. The former postmaster general must have approved this project otherwise the work would never have been started. If we could get that public building anywhere in this area it would certainly be a nice asset, and it is certainly much needed. There are five rural mail routes serving North Colchester based on this thriving village.

A few years ago it was my privilege to participate at the unveiling of a monument erected there by the national historical sites board to commemorate the naval battle of Tatamagouche bay. There is a nice monument there to commemorate this battle which took place during the early days of the country. It was not a very important battle but it was certainly considered important enough to erect a monument to commemorate it. I hope it will not be necessary for someone in the future to erect a monument to mark the spot where the public building was started but not finished.

Mr. Kirk (Shelburne-Yarmouth-Clare): Mr. Chairman, I would like to refer for a moment to the public building erected at Lockeport. It was my pleasure some few days ago to be in that town and to see the new public building there. It is a very well planned building and architecturally attractive. The exterior is of brick and Nova Scotia granite. Many of the citizens with whom I spoke were pleased to have such a fine building in their community. They felt it was

sufficient to meet their present needs and take care of the natural growth for the next few years. As far as the town of Yarmouth is concerned, for which there is an item in the estimates for a public building, a suitable central site which appeals to the citizens has been purchased, but I would like to ask the minister if he would be so kind as to tell me and the house and through the house the citizens of my home town when he expects the plans and specifications to be completed and when he expects to call for tenders.

Mr. Winters: I thank the hon. member for Shelburne-Yarmouth-Clare for his kind remarks about the building at Lockeport and also the hon. member for Colchester-Hants for his remarks, and I would like to assure him I will look into the points he has mentioned. As to the plans for the building in Yarmouth a site has been acquired and the plans have received the approval of the Post Office Department. My hon. friend may have an opportunity of looking them over. The target date for calling of tenders is July 1.

Mr. Ferguson: I would like to ask the minister when work on the revote for Collingwood harbour which is in the estimates will be commenced or tenders called for. The item covers the amount of some $3,000-odd and—

Mr. Winters: At present we are on an item for Nova Scotia, Mr. Chairman, and perhaps the hon. member will wait until we reach the item to which he has referred.

Item agreed to.

Acquisition, construction and improvements of public buildings—

366. Prince Edward Island, $550,000.

Mr. MacLean: Mr. Chairman, there are a couple of questions I would like to ask the minister on this item and with particular regard to the vote for the building in Charlottetown. Could the minister tell us whether plans have been completed as yet and, in a general way, what offices will be accommodated in that new building and what the total cost will be? I also have one question with regard to the public building at Montague. Could the minister indicate when that building will be completed?

Mr. Winters: Mr. Chairman, the tentative estimate is, of course, $3,500,000. It is anticipated that the building will be used to accommodate a post office, the customs, income tax, agriculture, transport, and veterans affairs. There may be other departments added, or some may be taken away.

Mr. MacLean: Will it include the R.C.M.P. offices?

Mr. Winters: At the moment we are not planning to include the R.C.M.P. offices in that building. Plans are nearing completion and, as I told my hon. friend the junior member for Queens this afternoon, the date for the calling of tenders is June 1.

Item agreed to.

Acquisition, construction and improvements of public buildings—

367. New Brunswick, $1,250,000.

Mr. Brooks: Mr. Chairman, I would like to ask a few questions with reference to the New Brunswick vote. I note that there is $1,250,000 authorized for New Brunswick, but they are all revotes. Like the hon. member for Colchester-Hants and the hon. member for Shelburne-Yarmouth-Clare, I would like to congratulate the minister on the fact that some buildings have been completed. But I would like to ask about the public building at Rothesay. I have brought this matter up on a number of occasions and the former minister of public works promised definitely both in 1952 and in 1953 that this building would be constructed. I do not think it is necessary to again point out the great necessity for this building. I do not suppose there is any place in Canada that needs a new post office more than Rothesay. The population there is increasing very rapidly, as I have pointed out before, and there are two private schools in that town. There is a large consolidated school and a new district high school. The population is increasing from about 100 to 150 every year and the building now in use there is an absolute disgrace as far as the Post Office Department and the Department of Public Works are concerned. They have no facilities of any kind in this building. There are three or four employees and they have not even a washroom.

I understand there has been some difficulty over the selection of a site, but there is a good site near where the building used as a post office now stands and it could be purchased. I have been told, and the minister can correct me if I am wrong, that the reason this site has not been selected is because the owner of the land does not belong to the proper political persuasion.

An hon. Member: Oh.

Mr. Brooks: You may say "Oh" but you do not know my opponent in the last election. I would like to see some of the private correspondence with the department in that connection because I have every reason to believe that my opponent during the last election, and also one of the local candidates for another party, opposed the purchase of the site. I would like to have the minister's comments on this, and I would also like to

[Mr. Kirk (Shelburne-Yarmouth-Clare).]

know if there is any possibility of this building being constructed in the immediate future.

In 1952 as reported at page 3781 of *Hansard* Mr. Fournier, the then minister, said:

I am going to put up a nice building in that place.

In 1953 as reported at page 3643 of *Hansard* Mr. Fournier said:

I am going to try and convince them—

Speaking of his officials.

—that this item was put in the estimates for a new public building and I am going to instruct them here and now to go ahead with that project.

That project is long overdue. I would like to have the minister's comments on this proposed building for Rothesay. There is no finer village in this country and the people of Rothesay have, I suppose, the poorest post office accommodation of any place of its size in Canada.

Mr. Winters: It is a fact that the site has not yet been selected, and my hon. friend may be disappointed to know that to my knowledge I have received no communications of any kind from his opponent. As the result of no site being selected, no plans are prepared, and I am not in a position to say when the project will go forward.

Mr. Brooks: Is the minister aware that there is a site that can be obtained?

Mr. Winters: We have been looking into the problem of sites. I have not a final report on it. My report to date is that no site has been selected.

Mr. Brooks: There has been a site available for some months, and I hope the minister will make further investigations at once.

Mr. Bell: I have one question for the minister. Can he tell me the story on the customs building in Saint John? I want to know what is going on, what are the details and what are the plans with respect to the future of that building.

Mr. Winters: Our proposal at Saint John is to carry out some quite extensive renovations, as I recall, to the existing building to try to keep it in as good shape as we can until such time as we can plan to build a new building there.

Mr. Bell: It is a very old building. People tell the story around Saint John about an official from Ottawa who came to visit the customs department there and who spent all his time in the office of one of the senior officials dodging the raindrops that were seeping through the roof and falling into pails in this main office of the customs building. That will give you the story on the old building.

Mr. Brooks: Can the minister tell us what the situation is with reference to the proposed customs and immigration building at St. Stephen and also the public building at Woodstock?

Mr. Winters: At St. Stephen an additional site has been acquired. Sketch plans have been sent to the customs department for approval. We hope to be able to call for tenders for that building very early next year. The Woodstock building is in process now. The contract has been awarded to R. Stewart Construction Company and the work is in hand.

Item agreed to.

Acquisition, construction and improvements of public buildings—

369. Ottawa, $10,640,000.

Mr. Green: This item covers buildings in Ottawa. I would ask the minister to tell us whether anything has been done to carry out the recommendation made by the special committee on atomic energy last session. If the minister will recall, the committee was very much disappointed with the accommodation found for the work on radioactive minerals. We were shown through the basement of the museum. That was where much of this work was being carried on. I think every member of that committee felt that accommodation was not suitable for this work which is so important to Canada today. Nevertheless, in looking through the details of this vote I can find no provision for better quarters for carrying on this work. I ask the minister to explain whether I am wrong and, if so, to tell us just what accommodation is being provided for this work.

Mr. Stuart (Charlotte): I should like to support the statement made by the hon. member for Vancouver-Quadra. The committee was privileged to visit the quarters supplied for this particular work at that time and they were very much disturbed about the accommodation. I know that it was the unanimous opinion of the committee that some improvement should be made. I believe it is most necessary and should receive every attention.

Mr. Prudham: I wish to thank the hon. gentlemen who are supporting us in this project. I think the minister will explain what is being done.

Mr. Winters: The first item on page 443, chemical laboratory for Department of Mines and Technical Surveys, $500,000, is to cover the start of the work we have in mind there. At present the department is

working on plans which will provide for an extension of the chemical laboratory of the Department of Mines and Technical Surveys.

Mr. Green: Is there any provision for a building for the geological survey?

Mr. Winters: That is being contemplated in connection with the over-all plans the Department of Mines and Technical Surveys has for several new buildings for its operations. There will be almost a complete rehousing job which will take some time, but the whole plan is in mind and under study.

Mr. Green: Will the accommodation for the radioactive work actually be built during the present year?

Mr. Winters: We plan to start it with the funds allocated by this vote. I doubt whether it will be completed this year but it should be started.

Mr. Green: How long will it take?

Mr. Winters: I am told it will perhaps take two years to build, a year and a half in any event.

Mr. Richard (Ottawa East): Some time ago I think it was announced that the national art gallery would be located somewhere in the vicinity of Sussex street. I was wondering whether there was anything in this vote towards the acquisition of a site for this building during the current year.

Mr. Winters: There is an item on page 443, the third from the bottom of the group of Ottawa votes, for the acquisition of property required for sites for future government buildings. Under that vote we are endeavouring to work out arrangements for a suitable site for the national art gallery.

Mr. Richard (Ottawa East): But no steps have been taken so far to acquire a site?

Mr. Winters: No.

Mr. Dinsdale: This afternoon I asked a question about the national library, and I think this is the appropriate item. Will the minister indicate what progress is being made on this project?

Mr. Winters: The architects, Messrs. Mathers and Haldenby, of Toronto, are working on the plans, and they have not yet quite completed their preliminary plans.

Mr. Hodgson: Will the national library have any connection at all with the parliamentary library?

Mr. Winters: No, it will be a separate operation.

[Mr. Winters.]

Mr. Hodgson: How soon will the work on the parliamentary library be completed, and how much will it cost? Has the minister any information on that?

Mr. Winters: I am told, Mr. Chairman, it will be another two years before the job is completed. Hon. members who perhaps have looked in to see the work going on there will realize how complex it is. The whole building has had to be stripped right down to the masonry shell. It is turning out to be a much more expensive operation than could possibly have been foreseen. It will probably cost in excess of $2 million.

Mr. Hodgson: That is what I was told the other day, but I did not know whether or not that was right. It seems like a large sum. There is no doubt the building needs repair, but—

Mr. Winters: It is far more than a repair, it is a complete rebuilding.

Mr. Hodgson: A few weeks ago there was another fire in the library and the fire trucks came up here. What was the cause of that fire in the library? Was it because of a careless workman dropping a cigarette or what was it?

Mr. Winters: I do not think there was any carelessness, Mr. Chairman. There was simply a short circuit in the electrical wiring that ignited some of the woodwork in the dome. The fire was quickly brought under control and there was negligible damage.

Mr. Cardiff: Will the space in the library be enlarged or is it merely going to be fireproofed?

Mr. Winters: The capacity will be increased, and it will be fireproofed.

Mr. Cardiff: Does that mean the walls will be extended to increase the outside dimensions of the building or will there be an additional structure added?

Mr. Winters: No, there is going to be some further excavation, the basement is going to be deeper. There will be more accommodation there and the internal arrangements will be such that there will be more storage space for the books.

Mr. Hodgson: I see here there is an item of $900,000. Does that mean you think that amount will cover the cost for this year?

Mr. Winters: Yes, that is right.

Mr. Green: There is one item here, site for departmental buildings in Tunney's pasture, improvements and services, $750,000. Could we have a breakdown of that $750,000?

Mr. Winters: This amount, Mr. Chairman, is required to continue the work of grading, installation of sewers, water mains, electrical services, roads, sidewalks, supply and placement of topsoil, etc., in the Tunney's pasture area. Buildings erected or to be erected in this area include the bureau of statistics, record storage building, food and drugs laboratory, virus laboratory, public works testing laboratory, atomic energy building and other departmental buildings.

Mr. Green: Has the minister got the amount for the landscaping for the bureau of statistics building?

Mr. Winters: The contract for the landscaping for the whole area, Mr. Chairman, is $425,526.

Mr. Green: Over half of this vote of $750,000 is for landscaping.

Mr. Winters: All of the amount I gave you will not be spent this year. I think perhaps half will be spent this year.

Mr. Green: How large is the area to be landscaped?

Mr. Winters: I am told by the hon. member for Ottawa West it is about a mile square, but I have not that information.

Mr. Green: What is the cost for the grading of this land? What is the total cost for grading?

Mr. Winters: The figure I gave includes the earth and rock grading and fill.

Mr. Green: That is landscaping.

Mr. Winters: Yes.

Mr. Hodgson: In connection with Tunney's pasture—

The Chairman: The hon. member for Vancouver-Burrard.

Mr. MacDougall: I rather think I am speaking on the right item. It appears on page 443, and apparently under that item you can deal with almost anything that is in or around Ottawa. If I am right in assuming that, there is something I should like to say. I believe those who walk to or from the House of Commons are rather appalled at the narrowness of the main entrance as you turn into the parliament buildings. No doubt at the time that gate was constructed it was sufficiently wide for a horse and buggy, a horse and cutter or a horse and gig, but when you attempt to enter with a modern car you have to go into low gear and then into second to run up the little hill before you can get into high.

There are two additional gates on either side of the main gate. It seems to me that the space taken by these gates could easily be used to give additional width to the main gate. I do not say it is particularly annoying, but it is inconvenient. I do not believe that it meets the dignity of the general surroundings to have such a narrow main entrance into the centre block of our House of Commons. It seems to me it would not be a very expensive proposition to knock out one of the divisions separating the two small gates from the main gate. If that could be done I think not only the people of Ottawa but everyone from this country or other countries who visits the centre block will be appreciative of that improvement in the facilities for getting into the centre block of Canada's capital.

Mr. Hodgson: Has Tunney's pasture no topsoil at all? Is it necessary to truck all the topsoil? This $750,000 seems like a lot of money to spend for planting a bit of sod or grass?

Mr. Winters: We have to put the topsoil there before we can get the grass to grow. There is no topsoil there.

Item agreed to.

Acquisition, construction and improvements of public buildings—

370. Ontario (other than Ottawa), $8,415,000.

Mr. McIvor: Mr. Chairman, Fort William is outside of Ottawa. We have been attempting to obtain a public building there, and the reason is that we are paying out over $30,000 in rent for dominion offices. We think it would be a saving to the dominion government to have all these offices in one place. A delegation came down here, and the minister treated them very well indeed, up to a point. I admit our delegation was late, but we will not be late next year. We are giving notice now that we want that building so that we can save money for the dominion government.

Mr. Cardiff: Mr. Chairman, I want to put in a request now, because it would appear that this minister is not going to carry on as the last one did. It would seem that he is going to consider requests that are made. I headed different delegations to the former minister of public works, and in each and every case upon leaving him I thought that I would most certainly get what I had asked for. But as soon as the interview was over the former minister appeared to forget the interview completely. The result was that I never got anything.

I believe there is a request before the department now for a new post office at Exeter, which is very badly needed at that

point. There is an airport adjacent to Exeter, and in the last few years the post office has not had sufficient room in which to operate. I believe engineers have been told to go down there to look the situation over. I have no reason to complain up to this point about what the present minister has done; but if there is no improvement next year by way of an allotment for that post office building the minister will be hearing from me.

Mr. Monteith: Would the minister tell me the nature of the public building at St. Mary's for which there is a revote of $50,000.

Mr. Winters: This is a post office building. The site has been selected but I understand it has not yet been purchased. The Post Office Department attaches a considerable amount of importance to this building, and we hope to be able to proceed with it.

Mr. Monteith: This year?

Mr. Winters: We have a target date of October 15 for completion of the plans. Whether we will be able to meet that date or not, I cannot say; but I hope we will be.

Item agreed to.

Acquisition, construction and improvements of public buildings—
371. Manitoba, $2,665,000.

Mr. Knowles: Can the minister say when the new post office building in Winnipeg is to be completed, or perhaps I should ask in what year it will be completed.

Mr. Winters: The plans are not yet completed.

Mr. Knowles: There is a hole in the ground there.

Mr. Winters: Well, that is a start. We expect the plans will be completed by the middle of the summer. It may take three years after that before the building is completed, because it is to be a large building.

Mr. Knowles: Has any decision been reached as to what use will be made of the old post office building at the end of the three years' time?

Mr. Winters: We have not yet made that decision.

Mr. Dinsdale: There are three items that interest me in this vote. First, there is the construction of the customs and immigration buildings at Boissevain, the addition and alteration to the public building at Brandon, and a similar estimate for the public building at Virden.

I rise at this time because each of these is a revote. In the cases of the first two, I believe they have been in the estimates for the last three or four years.

[Mr. Cardiff.]

Dealing particularly with the customs port at Boissevain, I think the minister is aware that this matter is becoming increasingly urgent, because the customs port is located on highway No. 10 which today is becoming recognized as the main street of the Americas. It is a highway that runs right through from South America, through the international peace garden, the city of Brandon, and Riding Mountain national park. At the present time it continues as far as Flin Flon, Manitoba, which is an important mining section in the province. We would hope eventually, of course, as the north opens up that this highway of the Americas would extend right through to Churchill. I understand the great difficulty here is the matter of negotiation with American officials.

Mr. Winters: The hon. member is referring to Boissevain?

Mr. Dinsdale: Yes.

Mr. Winters: The situation is that the plans are complete and they have gone to the secretary for advertising. Tenders will be called, to close on May 12, 1954. That will save the hon. member a speech.

Mr. Dinsdale: I think we are seeing greatly improved efficiency in the department when we can get a response such as we have had just now concerning this item which, as I have indicated, has been on the books for the last three years.

Then, in regard to the addition and alterations to the post office at Brandon, I notice the amount this year is reduced from $150,000 to $50,000. I wonder if there is an explanation for that.

Mr. Winters: No; it just means that is probably all we will be able to spend this year. We expect to go out for tenders this year, but it will be late in the year and we do not expect we will be able to spend more than $50,000. However that does not mean anything in the final outcome.

Mr. Dinsdale: It just indicates once again the new efficiency and the new look in the department. Then, finally, as the penultimate point, I would direct attention to the public building at Virden. I do not think there is any particular problem there, but I would point out that Virden is the oil centre in western Manitoba. At the present time it has all the appearances of a boom town with the result that post office facilities at the moment are greatly overcrowded. From what the minister has said in regard to the two other items I think we can safely conclude that this project, too, will receive the same expeditious attention.

There is one further matter I should like to bring to the minister's attention at this time. It is the need for a new federal building in the city of Brandon. I think the situation there is much the same as that in Fort William. At the present time, with the exception of the post office, federal offices are located in the old post office building. In that building are the employment offices, the unemployment insurance offices, and the headquarters for the Royal Canadian Mounted Police. The square footage available in the old post office building is only 1,720 square feet, which means that the insurance branch has overflowed into an upstairs office occupying a square footage of 1,100 square feet. My information is that these two branches alone require some 5,000 square feet of office space. The present accommodation available is just 2,820.

In addition to the lack of sufficient area, the fact that the two branches are dispersed at different parts of the city creates an administration problem of some significance. On top of that I understand that the C.M.H.C. is opening a new regional office to administer the new act, and will require further office space. Furthermore I believe the radio trouble unit is to be located in the city of Brandon, which will require further office facilities.

I will not labour the point other than to say that Brandon is the important urban area of western Manitoba, and is the second largest city in the province. As a matter of fact, it serves an area of 12,500 square miles, with a population of 105,000 people. Perhaps the minister will also be aware of the fact that there is an excellent piece of property lying between the old post office building and the new post office building which is just waiting to be used for a project of this kind. I bring this to the minister's attention. Some of these days he will be visiting the city to see for himself, and this is by way of preliminary information.

Mr. Viau: In respect of the new Winnipeg post office I am informed that the outside will be completed of brick from eastern Canada. Will the minister advise the committee why Manitoba Tyndall stone, such as has been used in other public buildings in greater Winnipeg, is not being used?

Mr. Winters: I am not in a position to say whether that is true or not, but I would be very surprised if that were true. We have appointed as architects the well-known firm of Green, Blankstein and Russell, and I shall be very greatly surprised if that were the case. However, it is something that I shall look into.

Mr. Churchill: The minister said a few minutes ago, in answer to the hon. member for Winnipeg North Centre, that the plans would not be completed until late this summer. Were there any plans in hand before tenders were called for the excavation of the foundation?

Mr. Winters: The plans at that time were sufficiently developed so that we could undertake the foundation. The plans are not yet completed to the point where we can call tenders for the superstructure. That is quite a different situation, you know.

Mr. Churchill: What is the progress of the work at the present time? Has the excavation been completed, is further work being undertaken at the present time, or will there be a delay until the plans are in hand at the end of the summer?

Mr. Winters: The excavation has been completed, and I understand that at the present time the caissons are going in for the foundation.

Item agreed to.

Acquisition, construction and improvements of public buildings—

372. Saskatchewan, $2,720,000.

Mr. Knight: There is one vote here that has to do with my city, a vote of $350,000 and a revote of $70,000. I am familiar with that building, but for the record I should like to have the opinion of the minister when he thinks this work will be completed. It has been in hand for quite a period of time. When is there a chance of it being completed? What is the purpose for which it is to be used when it is completed? We know it probably better as the building of the Department of Veterans Affairs rather than the London building under which name it is designated here. May I say that for all public works in the province of Saskatchewan, and not only the city of Saskatoon, we are quite anxious that by next year when we shall have our fiftieth anniversary of the foundation of the province we should like to have these things in good shape. Can the minister give me that information for the record?

Mr. Winters: With respect to the building that is listed here, "Saskatoon—addition and alterations to London building", the work is about 60 per cent completed at the present time. It should be finished and occupied this year. The building is for the use of the Department of Veterans Affairs, income tax and certain other services.

Mr. Knight: It is largely a consolidation, is it not, of the dominion government offices?

Mr. Winters: Yes.

Mr. Knight: Can the minister tell me approximately what the total expenditures on that building will be to put it in shape, or what the total estimate is?

Mr. Winters: The total amount of the contract is $530,764.61.

Mr. Knight: There must be a lot of work to be done yet.

Mr. Winters: It is 62 per cent completed; there is 38 per cent of the work to be done.

Mr. Knight: Can the minister give us the approximate date of the completion?

Mr. Winters: I said it would be completed and occupied before the end of the year. I do not want to set the target date now, I just do not know.

Mr. McCullough (Moose Mountain): There is a matter which I should like to bring to the attention of the minister. I am very happy to see the hon. member for Qu'Appelle in his seat because he will be interested in this matter. I had the honour to represent the former seat of Assiniboia from 1945 to 1949. During that period I had the good fortune to have the village of Kipling in my constituency, which, as anyone knows who knows the southeastern part of the province, is a very progressive town and in a prosperous farming district. I want to refer the minister to the vote on page 446 "Kipling—public building, revote $25,000". Last year there was a vote of $75,000 provided. I know we have finished the Criminal Code, but I do not recall anything in it covering political parties which go out and make false promises or commitments. I am happy to hear from the minister that the Department of Public Works of this government is going to get a new look. I am not going to make any insinuations that could not be backed up, but we have heard from various members that there could very well be political reasons why certain votes were not spent in certain buildings under construction.

With regard to the Kipling building, I rise primarily to emphasize the fact that was previously recognized by the Department of Public Works, namely, the real necessity for a new building in the village of Kipling. I had a great deal of difficulty getting answers to certain questions from the government.

Mr. Winters: Mr. Chairman, if my hon. friend will allow me to interject I might be able to save him a speech. We propose to go out to tender on this building early in the summer, and if additional funds are required this year we shall ask for them in the supplementary estimates.

[Mr. Winters.]

Mr. McCullough (Moose Mountain): I am very happy to get the information which the minister has just given. Nevertheless I do want to continue these few remarks to indicate to the minister that we are expecting him to go through with it. It is a fact that the department did have certain surveys in that village. I would suggest to him that when they undertake this building they work in close conjunction with the local authorities and the people concerned because it has been brought to my attention that if the site—I am not too sure of the site—selected is the one they intend to build on it may not be the proper one in the best interests of the village, unless more than one has been surveyed. I am suggesting that when you build you work in close co-operation with the local board of trade, the town council and others to make sure that it will be an asset to the town and will work in with town planning.

I am happy to hear what the minister has just said. I want to emphasize that you need a building there. There is a high revenue—

Mr. Winters: You are going to get it.

Mr. McCullough (Moose Mountain): I am going to make one other suggestion in view of the fact that the minister is so amiable tonight. It is that when they are giving consideration to this matter, they consider the R.C.M.P. detachment at that point. We have our R.C.M.P. stationed there. They have never had proper barracks. Would the minister now be kind enough to give me the assurance that when they are considering this building they will make it a joint building to house the R.C.M.P., which they can use as a barracks, as well as a post office for Kipling?

Mr. Winters: No; I will not give my hon. friend that assurance.

Mr. McCullough (Moose Mountain): I would point out this consideration to the minister, and I am quite serious about it. If this department is not already giving consideration to this matter, it would be well to do so because I do not think we need two buildings in that village. One building properly constructed would be under your department. It would be the type of building which would be an asset to the town and would serve very well the two purposes. I am suggesting to the minister that he give consideration to that matter. Perhaps now that I have got this far, I might solicit the assistance of the hon. member for Qu'Appelle to get the R.C.M.P. barracks in addition.

Mr. Mang: Since I have been given some publicity in this matter, just to set the record

straight I might say that Kipling is now in the constituency of Qu'Appelle, and that we have been in very close touch with the situation since August 11. We are working in very close harmony with the local people, with the Department of Justice which is in charge of the R.C.M.P., and with the minister in charge of the Department of Public Works. We are making quite definite progress. If the building costs more than $25,000, we are not going to leave a building there with the roof off. It is going to be completed and it will be a good one. When the necessity arises for the R.C.M.P. to put up a building we, together with the local organization, will be working together. That is outside of any political organization. I mean the town organization and so forth.

Mr. McCullough (Moose Mountain): I hope the hon. member for Qu'Appelle is speaking with authority and for the government. Now that he says he has been on the job since August 11, there is another question I should like to ask him or the minister. It is in connection with some of the contracts which were let or given to the Lunam Construction Company. This matter was brought to my attention on a number of occasions. The committee will recall that the former member for Qu'Appelle, Mr. Dewar, resigned from the house just prior to the federal election. There were left certain contracts which were not fully paid to the subcontractors or there were certain moneys which should have gone to the subcontractors. It has been brought to my attention that certain truckers and other people who were working there and in the employ of the subcontractors were not paid. If the minister or the hon. member for Qu'Appelle would assure me that this matter has been cleaned up to the satisfaction of the subcontractors and their workers I should be very happy. It is a bad situation because some of these young men who were working there with their trucks never were paid, and they have either lost their trucks or have been put in an extremely awkward position. I should like the minister to make a statement with regard to that matter, or the hon. member for Qu'Appelle.

Mr. Mang: We are fully aware of the situation and everything is being done to rectify the situation that we are aware of.

Mr. McCullough (Moose Mountain): Since the hon. member for Qu'Appelle has taken the liberty to answer my question and not the minister, I should like to ask him this question. When he says that "everything is being done", does he mean payment in money or that it is certain underground things that we cannot see?

Mr. Winters: This, Mr. Chairman, is the hon. member who said he would make no insinuations. The speech was loaded with them.

The situation with respect to the subcontractors is that they have formed a committee to attempt to establish the validity and the quantum of the subcontracts. They have appointed a legal agent, a Mr. Pope, to act on their behalf. They have had meetings. From a conversation which I recently had with Mr. Pope, I understand that they are very close to agreement on how the remaining moneys should be apportioned and that they have agreement as to assignment from Mr. Lunam. We hope that before too long the situation will be satisfactorily disposed of in so far as we are able to apportion the remaining funds.

Mr. Nicholson: I must thank the minister for including an item for $110,000 for a public building at Kelvington. Earlier this afternoon I discussed Carrot River. I should like the minister at this point to give us some information as to how he decides where those public buildings are built. I know that the Post Office Department and the R.C.M.P. are all interested in getting quarters in the country. The minister has assured us that in the future these public buildings are not going to be built for political reasons. I think hon. members might be interested, however, in finding out how, for instance, Lemberg gets a new public building this year. I might mention that Lemberg is in Melville constituency.

When I was in parliament previously and referred matters of this type to the then postmaster general or to the then minister of public works, I was informed that until a centre had a post office revenue of $10,000, no consideration could be given to the erecting of a public building. I find that, for the last year for which information is available, Lemberg had a revenue of $4,810. I find that in the Melville constituency Lemberg, Ituna, Langenburg, Fort Qu'Appelle and Balcarres, all with a revenue a good deal less than that of Carrot River, have public buildings. Saltcoats has been included. It probably is the centre in Melville which the Minister of Agriculture believes did not get the consideration that it deserved. But these six centres I mentioned in the Melville constituency either have public buildings or are in the process of receiving them.

As I said previously, there is not a centre in the Mackenzie constituency that has a public building. We had one at Fort Livingston seventy-five years ago but not

now. But in the Mackenzie constituency Hudson Bay, Kelvington, Carrot River, Preeceville, Norquay, Porcupine Plain, Sturgis, and Buchanan all have greater revenue than has Lemberg. I would suggest that the post office revenue gives some indication as to the size of the community. I wish the minister would explain this matter. Perhaps he would rather leave it for the Postmaster General to discuss, although I am sure if we wait until the Postmaster General comes with his estimates, he will tell us that public works decides. I wish the minister would explain how it is that none of these centres in Mackenzie constituency with revenue in excess of Lemberg get a public building, while Lemberg, with a revenue of $4,810, gets a fine public building in the course of the last year. Can the minister tell us what the formula is? How is that Lemberg, for example, gets a public building and Carrot River does not?

Mr. Winters: I know that the hon. member does not have in mind that there is any political favouritism here.

Some hon. Members: Oh, oh.

Mr. Knowles: The thought seems to be in the minister's mind.

Mr. Winters: The hon. member probably knows better than does anybody else that the constituency of Mackenzie was represented for the past four years in a distinguished manner by a prominent Liberal. If the hon. member is accusing the government of not doing anything for the constituency for the past four years, surely he cannot say that the grounds were political.

There are certain principles here which, I think, should be made clear. In the first place it is very rare for the Department of Public Works to build a building for itself. It will not build a building for its own purposes in Kelvington or Carrot River or the other places mentioned by my hon. friend. The buildings it does construct are erected only because some other government department requires the type of accommodation which can be had only by building.

The other point is that these departments look to the Department of Public Works to provide suitable accommodation. Suitable accommodation does not automatically mean that new accommodation must be built. The $10,000 division line of revenue is a guide. The Post Office Department does not like to have new buildings erected in centres where revenue is less than $10,000 per year. But that does not mean that a new building cannot be built in a centre smaller than that, because if suitable existing accommodation cannot be found in a small centre then the only alternative is to build new accommodation. It also applies that there are centres where revenue is greater than $10,000 per year and where it is satisfactory to use existing accommodation rather than build new accommodation.

An hon. Member: What a story.

Mr. Winters: It is a true story, my hon. friend may be surprised to know. It is a fact that the Department of Public Works and the other departments of government concerned use their best judgment to solve the problem in the public interest.

Mr. Nicholson: I wish to thank the minister for his statement and I accept it as a statement of policy. The problem that I have been discussing did not arise while the minister was in charge. However, I think it is unfortunate that in an election campaign a candidate gets up and states, "You cannot get anything because your member of parliament is not a supporter of the government". I believe it is important that these decisions be based on an established formula, regardless of the political views of the sitting member. I must say, however, that the minister has been very courteous in handling all my correspondence and I would like to say that I have never felt a problem has been rejected because of any political difference of opinion I might have had with the minister. I again must emphasize that it is unfortunate that during the election campaign it was suggested that because Mackenzie had been represented by a C.C.F. member for a number of years no public building had been built there. As regards Carrot River it should not be suggested that they cannot have a public building now because a Liberal member does not represent that constituency. I simply want the minister to assure us that during the next four years a decision against building a public building at Carrot River will not be based on the fact that the people there did not send a Liberal member to parliament at the last election.

Mr. Castleden: Mr. Chairman, first of all I wish to thank the minister for the fine work that has been done in erecting a splendid federal building in the city of Yorkton. In that regard, I would like to ask the minister when he expects the work to be completed and whether he can give us some idea of the total cost? The building was very much needed and I can assure the minister that it is very much appreciated by the people of that city and the surrounding district. They will be very interested in finding out when it will be ready to be occupied.

The people are particularly anxious to know the completion date, because they were told during the election that the best thing to do was to vote Liberal in order to get the building finished. I would like to have the minister's comments on that.

Mr. Winters: The building at Yorkton is under contract to W. C. Wells Construction Company and the amount involved is $766,047. About 70 per cent of the building has been finished and the job should be completed within the next three months.

Mr. Castleden: There was a revote on the first estimate and I believe the figure then was $225,000. The second year there was a revote of $350,000, and this year it was $450,000. What is the total figure?

Mr. Winters: $766,047.

Mr. Castleden: And you expect to have it finished this year?

Mr. Winters: Yes.

Mr. Castleden: With regard to the other post offices I might say, in line with what the minister said tonight, that there are one or two places in my constituency where accommodation for post offices at the present time is very poor. I refer to the village of Theodore and the village of Raymore. As regards the village of Kelliher, they too, have a fairly large revenue, and although they have fair accommodation it is not nearly as good as in the neighbouring village of Ituna, or the town of Lemberg, which happens to be in the constituency of Melville. The revenue at the village of Kelliher is higher than at Ituna and considerably higher than at Lemberg. However, I hope the minister keeps these things in mind and remembers the very poor accommodation which they have at Theodore and Raymore.

Item agreed to.

Acquisition, construction and improvements of public buildings—
373. Alberta, $3,600,000.

Mr. Harkness: Mr. Chairman, I notice in the details there is an item for accommodation for government services in Calgary on revotes which amounts to $150,000. I wonder if the minister would tell us the purpose of this building and the purpose to which it is to be put and what exactly this vote covers. I would also like to know where that building is to be erected in Calgary and what size it is to be.

Mr. Winters: This amount is required toward the construction of a public building in Calgary to provide improved accommodation for the Department of Veterans Affairs and other government services. I am not yet in a position to tell my hon. friend how large the building will be. We have not progressed far enough with the planning to know the answer to that question.

Mr. Harkness: I take it from the minister's remarks that this is not to be the total cost of the building and that this is merely the preliminary vote in order to get it started. Is that the situation?

Mr. Winters: Yes, that is correct.

Mr. Harkness: And I take it also from what the minister said that this is the same building for which votes were passed, I believe, in 1947-48 and in 1948-49 in regard to the veterans' affairs building. I wonder if the minister could give us any information as to what steps have been taken to acquire a site, if any, and how soon he expects construction on this building to start.

Mr. Winters: The Department of Veterans Affairs has requested us to erect a new building on a site which is owned by them opposite the Colonel Belcher hospital. It is our intention to proceed with the erection of a building on that site. The plans are not yet beyond the preliminary stage and I am not in a position to say when the building will be started.

Mr. Johnston (Bow River): Mr. Chairman, I wish to say something about this item before it is passed. There has been some comment this evening about political favouritism in the Department of Public Works. I do not agree with that, Mr. Chairman, and for this reason: during the past 20 years the town of Banff has been represented by a Liberal and a Conservative. Very little has been done in the town of Banff. It is the most outstanding summer resort on the North American continent—

Some hon. Members: Oh, oh.

Mr. Johnston (Bow River): —and it deserves some consideration. I have just been reminded that it is now being represented by myself, a Social Crediter, and that may be the reason why it is being given some consideration by the Department of Public Works. Certainly that could not be considered as being political favouritism. I notice in the estimates that the department is going to spend $280,000 for a new public building in Banff. I imagine that sum will be to get it started. I do not suppose that will be the amount which will be required to complete the building. It should make a very handsome building in Banff national park. The provincial government also has its eye on Banff since the last election, and they are now erecting a building which will cost more than $250,000 to house one of the most modern telephone services in Canada.

These two buildings are going to be a great asset to the town of Banff, and well they should because Banff attracts more tourists than any other spot in Canada. There is a problem in connection with the building to be erected by the Department of Public Works that I want to bring to the minister's attention. I have already discussed the matter with the Department of National Revenue. I should like to know whether provision is made in the plans for quarters for customs officers. I am informed, and I think accurately, that there is a considerable amount of business for such an office.

Mr. Winters: The answer to that is yes.

Mr. Johnston (Bow River): I am very glad to hear that. A customs officer is stationed at the Banff Springs hotel during the summer season. I am informed by one business concern in Banff that last year they paid over $7,000 in duties in a period of eight months. That is only one firm, so there must be sufficient business to warrant the opening of a customs office. I am very pleased to hear the minister say that provision is being made for that type of service. Can the minister tell the house what progress has been made? Has the site been selected?

Mr. Winters: As my hon. friend probably knows, the building will be constructed on a crown site, so we own the site now.

Mr. Johnston (Bow River): You have the site?

Mr. Winters: We have the site.

Mr. Johnston (Bow River): Where is it?

Mr. Winters: It is at the corner of Bear and Buffalo streets.

Mr. Johnston (Bow River): Is provision also being made in that building for the R.C.M.P.?

Mr. Winters: No.

Mr. Johnston (Bow River): I was informed that it would be possible for the R.C.M.P. to be housed in the new building and that the building which they now occupy would be used for other services. Is that correct?

Mr. Winters: That is not correct. We do not propose to house them in this new building.

Mr. Johnston (Bow River): What will be the over-all cost of the building when it is completed?

Mr. Winters: It is estimated that it will be around $300,000.

Mr. Johnston (Bow River): Can the minister say when construction will be started?

[Mr. Johnston (Bow River).]

Mr. Winters: We hope to call for tenders by the 15th of May.

Mr. Johnston (Bow River): How long do you think it will take to complete construction?

Mr. Winters: I think it could be done within a year and a half.

Mr. Johnston (Bow River): I want to thank the minister for giving this matter the consideration that it deserves.

Mr. Quelch: I was very glad to see that the item for the public building at Stettler had been increased from $75,000 to $125,000. I wonder whether the minister can say what progress is being made with the erection of the building and just what purpose it will serve. I understand it will house the new post office, but what other services will it provide accommodation for?

Mr. Winters: Post office and veterans affairs.

Mr. Quelch: Can you say what progress is being made?

Mr. Winters: The contractor is J. C. Haddow. The amount is $222,000. The contract was awarded in September and the building is 25 per cent completed.

Mr. Thomas: I was wondering where the money had gone that was in last year's estimates for a public building at Wetaskiwin, and now I think I know. It went to Stettler. In all seriousness, I do want to voice the protests of the people of the city of Wetaskiwin against the government's action in dropping all mention of a public building in Wetaskiwin from the estimates this year. The need for this building has been recognized for some time. As a matter of fact, two years ago the sum of $50,000 was included in the estimates, and I believe that was intended for an extension to the existing building. Apparently it was recognized last year that an extension was not sufficient, and the sum of $75,000 was put in the main estimates toward the construction of a new building. Suddenly this year it is dropped.

Surely the priority has not disappeared so quickly. Conditions in that post office are intolerable not only for the public but also for the employees. The employees are working in cramped quarters and do not have proper facilities. People are forced to line up for their mail. When I was home at Christmastime people were standing in line an hour or more in order to get their mail. The employees could not get the mail sorted on time and people were delayed. Letters were coming in late and things were in a general uproar.

Since the item was first put in the estimates two years ago the situation in Wetaskiwin has worsened tremendously. The population of the city has increased to the extent where it has overloaded the facilities of the post office. Business has also increased to a very great extent. The Wetaskiwin area now has five full oilfields completely circling the city and it serves at least a part of one other field. That makes a total of six oilfields, and all the oil companies have their offices there. The oil supply companies have offices there. The drilling equipment and equipment repair companies also have offices in the city. These businesses are all forced to use the facilities of the post office in Wetaskiwin. As I said a moment ago, the situation there is terrible. The need for a new post office was recognized at least two years ago by the department.

The estimates were passed by the House of Commons. Surely, the minister cannot say that with the expansion of business within that city there is no longer any priority for a new building there. It would appear to me that if there were a need two years ago there is a double need for a new building now. I want to repeat that I protest most strongly the withdrawal of this item from the estimates. I should like an explanation from the minister as to why this item was dropped from the estimates when the need is so obvious.

Mr. Winters: The explanation is short, Mr. Chairman. A site had not yet been acquired, and when we compiled the estimates and the treasury board found we were not in a position to go ahead with the building because we did not have a site, they asked us to drop the item from the estimates this year so the equivalent amount of money could be used somewhere else where construction could be put in place.

Mr. Thomas: I would presume, then, that a site will be obtained this summer, or at least negotiations for a site undertaken, so a start can be made on the building early next year.

Mr. Shaw: When I spoke on March 12 when the first item of this department was before us, I made a reference to five projects in Alberta which had been dropped, we hoped only temporarily. When the minister replied it happened that I was called out of the house, but from what he said I am rather inclined to believe he may have misunderstood me. He referred to the $3,600,000 appropriated for the ensuing fiscal year, which represented an increase of $1,299,999 and said this would indicate there was no attempt whatever to discriminate on any grounds that may possibly have been in the mind of the hon. member.

Upon reflection I believe the minister will agree that I did not charge discrimination at all. I asserted that there were other people who support the minister's party who were charging discrimination by inference, if not directly, inasmuch as they asserted that if an opposition member were representing the constituency that would be the best guarantee we would not secure a public building. I challenged that statement myself and said that, so far as I could ascertain during my fourteen years here, the policy was not one of discrimination. I would not want him to think for a moment that, so far as Alberta was concerned, I thought there was a suggestion of discrimination.

My entire comment was to the effect that, inasmuch as parliament last May had given its approval to the five projects, including the one in my own town of Innisfail, I trusted the minister would keep these matters to the fore and would agree to go through with these projects. After all, as I emphasized then and as I emphasize now, the need was recognized. The projects were given a high priority rating and everyone had cause to believe the projects would be undertaken. I was pleased to note that on March 12 the minister made it clear the projects had not been abandoned. I had used that term, and I am pleased to know that. I hope these projects have not been taken away completely, and that in another year the minister will find it possible to proceed with those projects to which I referred on March 12.

As I say, my only purpose tonight is to stress the fact that at no place in my remarks, either on March 11 or 12, did I charge discrimination against my constituency or against Alberta.

Mr. Holowach: I am pleased to see the department has allocated some funds for the erection of public buildings in the city of Edmonton. I have no quarrel with where that money is to be spent because all parts of Edmonton are important to me. Naturally, I am sorry that not one cent is to be allocated to Edmonton East, which is one of the oldest parts of Edmonton and perhaps the most important. I am curious to know, and I would appreciate if the minister would be kind enough to explain, why the proposed public building in Edmonton, which was originally designed for Edmonton East, was switched to Edmonton West. What were the

reasons for that switch, and were any political motives responsible for the change?

Mr. Winters: I do not know of any switch being made since I have been in this department, Mr. Chairman. No switch was made, and therefore the second part of the question does not need an answer.

Mr. Holowach: The proposed public building now being built in Edmonton West was originally to be built in Edmonton East; that was the understanding of the people of Edmonton.

Mr. Winters: That was all before my time; I do not recall it.

Mr. Holowach: That may be, but I was anxious to know the reason for the switch.

Mr. Winters: I do not know.

Mr. Blackmore: Just before the item carries, I desire to thank the minister and his department, on behalf of the Lethbridge federal riding, for the construction of three fine public buildings in the Lethbridge riding, namely Taber, Carway and Lethbridge. The building in Carway is particularly important because of the fact it is a rather vital port of entry to the Waterton Lakes park. It is entirely fitting that there should be a respectable public building there because of the great number of tourists going through the port of entry yearly.

Item agreed to.

Acquisition, construction and improvements of public buildings—
374. British Columbia, $4,450,000.

Mr. Herridge: I rise to make a few comments on this item with a particularly clear conscience because I represent the constituents who are most reasonable in their requests. They never ask for anything unless it is urgently required, after due consideration, and so on. I know the minister's officials, and I am sure the minister is aware of the fact that for some ten years the present public building in Trail has been inadequate, both as to size, as to facilities and as to conveniences. The greatest objection to the present building is the fact that the staff working in the basement often works under insanitary conditions. Whenever there is high water or a storm, the sewage backs up into the basement and the postmen find it very difficult to continue sorting letters because of the odours that are caused by this sewage.

[Mr. Holowach.]

I realize the department has had rather unusual difficulty in choosing a site because it has not been an easy matter to find a suitable site in the city of Trail for the proposed building. The local organizations and the local people are looking forward now to the commencement of this proposed building. I should like the minister to inform me just how far plans have proceeded and when we can expect tenders to be called. I should like to ask the minister about two other projects to save him rising on three occasions, because I believe in the conservation of the minister's energy.

I notice a vote of $100,000 for the city of Nelson. There, again, there has been some delay owing to the willingness of the department to consider a change in site to accommodate the city council. That is very much appreciated. However, they are greatly concerned about the commencement of work on the building. When can we expect tenders to be called for the building in Nelson?

Then I notice a public building for Castlegar, in the amount of $50,000, and I am pleased indeed to see this amount set out in the estimates. Castlegar is a rapidly growing community, possibly the most rapidly growing, with the exception of one in the constituency of the deputy chairman. I think it is a very good thing to consider placing a public building there. What are the plans in connection with that building, and when can construction be expected?

Mr. Winters: First of all, we are planning a building for Castlegar. The site has been acquired. Sketches have not yet been started, but we hope that we will be able to go out to tender on the building before the end of this fiscal year, that is, before the end of March 1955.

In Nelson we are going to build the building on a crown site. Sketches have been approved, and we hope we will be able to go out to tender within a month.

In Trail we plan to build on a crown site. Revised sketches are being prepared, and we hope to call tenders late this year.

Mr. MacInnis: I notice there are two amounts for Vancouver, in connection with item 374. Perhaps I should preface any question I have to ask by saying that, so far as we know, we have no political troubles, as they have adjacent to Melville in the province of Saskatchewan. However we have

not yet heard from the hon. member for Vancouver-Quadra. In any event I do not expect problems of that kind to develop under the administration of the Minister of Public Works.

The first item for Vancouver is a customs building with a vote of $1,200,000, and the second is a post office building with a vote of $2 million, including a revote of $780,000. Will the vote in the estimates now for the customs building be sufficient to complete it?

Mr. Winters: The amount of the contract for the customs building at Vancouver is $2,854,589. So the amount in the estimates will need to be supplemented by about $850,000.

Mr. MacInnis: Has the contract been let for the post office? I believe tenders have been called.

Mr. Winters: Tenders have been called, but the contract has not yet been let. We know what the amounts of the tenders were, but they are still in process of being scrutinized. The contract has not yet been awarded.

Mr. MacInnis: I do not suppose the minister can say when it is expected work on the post office building will be begun. I might add that a very substantial fence was built around the lot on which the post office is to be built. There was some fear expressed through notices in the press, and by certain people in Vancouver, that the fence was of such a substantial type that it meant that the post office would not be built for a long time. I hope the minister will be able to reassure the people of Vancouver that the post office will be proceeded with as soon as the tenders can be properly analysed.

Mr. Winters: The recommendation to treasury board in favour of the lowest tender is in the course of preparation now. The submission will go forward presently, and I would imagine that the contractor would be able to start there within the next month, at any rate.

Mr. Patterson: We are very appreciative in the Fraser valley of the fact that a new immigration and customs building is being constructed at Huntingdon, and also for the fact that there is a revote in the amount of $70,000 for the public building at Mission City. Will the minister state what stage the plans have reached in connection with the Mission City post office?

Mr. Winters: At Huntingdon the building is fifty per cent completed. Perhaps the hon. member has seen the building in progress. At Mission City we have a crown site. Sketch and plans have been prepared but detailed plans are not yet ready. We hope however that within the course of the next two months we will be able to call tenders for it.

Mr. Jones: Mr. Chairman, I believe I would require about five minutes for what I have to say. Perhaps we should call it ten o'clock.

The Deputy Chairman: Well, the committee has not done badly this afternoon. Perhaps it would be well to call it ten o'clock, report the resolutions and ask leave to sit again.

Mr. Green: Before that is done, I believe the minister was going to give an answer to me.

Mr. Winters: The hon. member for Vancouver-Quadra asked me to give some information as to what was included in the general item found at page 438, in the amount of $809,000. That amount is principally for purchasing lock boxes, and furniture in bulk for future distribution, for travelling expenses not especially allotted, and for moving government departments within the various provinces.

Item stands.

Progress reported.

BUSINESS OF THE HOUSE

Mr. Harris: On Monday we will resume debate on the budget.

Mr. Green: Will that be continued on Tuesday and Wednesday?

Mr. Harris: That is the present intention, unless something unusual occurs.

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

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

DEPARTMENT OF PUBLIC WORKS

360. Departmental administration, $821,732.

Architectural branch—

361. Branch administration, $701,299.

Supply—Public Works

362. Ottawa—maintenance and operation of public buildings and grounds, including repairs and upkeep, rents, furnishings, heating, etc., and to authorize commitments against future years in the amount of $500,000, $14,996,664.

363. Maintenance and operation of public buildings and grounds, other than at Ottawa, including repairs and upkeep, rents, furnishings, heating, etc., and to authorize commitments against future years in the amount of $800,000, $20,843,057.

Acquisition, construction and improvements of public buildings—

Construction, acquisition, major repairs and improvements of, and plans and sites for, public buildings listed in the details of the estimates, provided that treasury board may increase or decrease the amount within the vote to be expended on individual listed projects—

364. Newfoundland, $550,000.

365. Nova Scotia, $1,330,000.

366. Prince Edward Island, $550,000.

367. New Brunswick, $1,250,000.

369. Ottawa, $10,640,000.

370. Ontario (other than Ottawa), $8,415,000.

371. Manitoba, $2,665,000.

372. Saskatchewan, $2,720,000.

373. Alberta, $3,600,000.

HOUSE OF COMMONS

Monday, April 12, 1954

The house met at 2.30 p.m.

NEW MEMBERS INTRODUCED

Rodolphe Leduc, Esquire, member for the electoral district of Gatineau, introduced by Right Hon. L. S. St. Laurent and Hon. Alcide Cote.

Yves Leduc, Esquire, member for the electoral district of Verdun, introduced by Right Hon. L. S. St. Laurent and Hon. Alcide Cote.

James Alexander McBain, Esquire, member for the electoral district of Elgin, introduced by Hon. George A. Drew and Mr. H. O. White.

John C. Pallett, Esquire, member for the electoral district of Peel, introduced by Hon. George A. Drew and Miss Sybil Bennett.

CANADIAN WHEAT BOARD

PRESENTATION OF SUPPLEMENTARY REPORT—REFERENCE TO STANDING COMMITTEE

Right Hon. C. D. Howe (Minister of Trade and Commerce): I desire to lay on the table, Mr. Speaker, the supplementary report of the Canadian wheat board, being the final accounting and auditors' report for the 1952-53 crop year. I ask that this be referred to the committee on agriculture and colonization.

Motion agreed to.

CANADIAN NATIONAL (WEST INDIES) STEAMSHIPS LIMITED

STATEMENT TO CLARIFY POSITION OF COMPANY

Hon. Lionel Chevrier (Minister of Transport): I desire to make a statement on the Canadian National (West Indies) Steamships.

It has been drawn to my attention that what I had to say on the subject of the future of the Canadian National (West Indies) Steamships Limited, when the report of that company was being considered by the railways and shipping committee, has created the impression in some quarters that the government has in mind the winding up of the affairs of that company. Such a misconception of the government's intentions may well prejudice the efforts of the steamship company when soliciting business, and I think therefore that the facts should be restated.

What I said before the committee was that while the financial year of the Canadian National (West Indies) Steamships in 1953 was a disappointing one, the expenses incurred were abnormal owing to abnormal circumstances. I endeavoured to make it clear therefore that 1953 was not a year to look at to obtain a true picture of the situation with respect to the usefulness of the steamships.

The situation is therefore that there is reason to entertain hope that the position of the steamship company will improve, and it is not the intention of the government to abandon this service now. However, the management and the government will keep a very careful eye upon the operations this year in particular in order that we may obtain a true measurement of the usefulness of the service with respect to the future. Consequently those who are interested in the continuation of the service will have an opportunity to demonstrate their willingness to provide sufficient traffic to support it.

NATIONAL HARBOURS BOARD ACT

AMENDMENTS RESPECTING POLICING, HARBOUR TOLLS, ETC.

Hon. Lionel Chevrier (Minister of Transport) moved the first reading of Bill No. 421 (from the Senate), to amend the National Harbours Board Act.

Motion agreed to and bill read the first time.

OPIUM AND NARCOTIC DRUG ACT

AMENDMENTS RESPECTING LICENCES, REGULATIONS, ETC.

Hon. Paul Martin (Minister of National Health and Welfare) moved the first reading of Bill No. 422 (from the Senate), to amend the Opium and Narcotic Drug Act.

Motion agreed to and bill read the first time.

QUESTIONS

NATO—VISITS BY PARLIAMENTARIANS

Mr. Stewart (Winnipeg North):

1. Has a recommendation from NATO that parliamentarians should be encouraged to visit NATO military and civilian headquarters been received by the government of Canada?
2. If so, what action has the government taken?

Mr. Blanchette:

1. Yes.

2. No action has yet been taken by the government to implement it, but the matter is under consideration.

LONG SAULT RAPIDS CANAL—CONSTRUCTION COST

Mr. Casselman:

What is the proposed cost of the suggested new 27-foot draft canal and locks on the Canadian side of the Long Sault rapids?

Mr. Langlois (Gaspe): $70,230,000.

HAROLD C. BANKS

Mrs. Fairclough:

1. Has a board of inquiry under the Immigration Act been held with reference to the residence of Harold C. Banks?
2. On what date was the Department of Citizenship and Immigration made aware of the court record of Mr. Banks in the United States?
3. How was that information acquired?
4. At the time of application for permanent residence, was Mr. Banks called upon to make a declaration with regard to convictions in the United States?
5. If so, what did the declaration disclose?
6. If not, what type of declaration was required of him?
7. Was his record investigated by the offices of the department before granting permanent residence?
8. Has Harold C. Banks returned to Canada from the meetings of the international labour organization?

Mr. Harris:

1. No.

2. May 2, 1953.

3. Inquiries were made by the department.

4. In view of the ready admissibility of citizens of the United States of America as immigrants under the law, it is the practice to make minimum inquiries of them when entering Canada. Mr. Banks signed the usual landing card which supplied general information and indicated conditions of health, finances, and whether he was ever refused admission to or deported from Canada.

5. See answer to No. 4.

6. See answer to No. 4.

7. No.

8. Yes.

CORONATION MEDALS

Mr. Balcer:

1. How many medals commemorating the coronation of Her Majesty Queen Elizabeth II have been granted to Canada?
2. By what department of government, or through what agency were these coronation medals distributed?

[Mr. Stewart (Winnipeg North).]

3. On what basis were the recipients of these medals chosen?
4. Were there any orders in council passed in this connection?
5. What are the names and addresses of all the recipients of these coronation medals?

Mr. Pickersgill:

1 and 5. In accordance with traditional practice, information is not available as to the number of medals and the names of recipients.

2. The Department of the Secretary of State.

3. On the basis of categories approved by Her Majesty the Queen.

4. No.

QUESTIONS PASSED AS ORDERS FOR RETURNS

ROYAL CANADIAN NAVY—ADVERTISING, ENLISTMENTS, ETC.

Mr. Diefenbaker:

1. Since April 1, 1952 and to date, what have been the total expenditures of the national defence department, navy, for advertising of all kinds, the purpose of which is to encourage enlistments in the Royal Canadian Navy?
2. How many men have applied since said date to the Royal Canadian Navy for appointment as administrative officers in (a) the regular force; (b) the short term service; (c) the reserve force?
3. How many men have been commissioned since said date as administrative officers in (a) the regular force; (b) the short term service; (c) the reserve force, and how many were (i) former officers in the Canadian navy; (ii) original appointments?

NATIONAL DEFENCE—ADVERTISING

Mr. Hansell:

1. What was the total cost involved in advertising for recruits in each branch of the Department of National Defence, in each of the following categories: (a) newspapers; (b) weekly and monthly magazines; (c) radio; (d) billboards and posters; (e) other forms of advertising?

ARMED FORCES—PSYCHIATRIC EXAMINATIONS

Mr. Jones:

1. Is any psychiatric or mental examination given to persons seeking to enlist in the armed forces?
2. If so, what is the nature of such examination?
3. Are any applicants refused enlistment for psychiatric or mental reasons?
4. If so, what standards are applied?
5. Are personnel in the armed forces examined regularly as to their psychiatric or mental state?
6. Are any personnel discharged for psychiatric or mental causes?
7. Are any standards of literacy applied to persons seeking to enlist in the armed forces?
8. If so, what are they?

Mr. Blanchette: Return tabled.

BUSINESS OF THE HOUSE

EASTER ADJOURNMENT

Right Hon. L. S. St. Laurent (Prime Minister) moved:

That when this house adjourns at six o'clock p.m. on Wednesday, April 14 next, it stand adjourned until Monday, April 26 next, at 2.30 o'clock p.m.

Motion agreed to.

INQUIRY AS TO FURTHER LEGISLATION TO BE BROUGHT DOWN

On the orders of the day:

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, I should like to ask a question of the Prime Minister. Now that we are about to rise for the Easter recess, is the Prime Minister in a position to indicate to the house what items of government legislation, other than those now on the order paper, are yet to be introduced at this session?

Right Hon. L. S. St. Laurent (Prime Minister): I am sorry I am not in a position to indicate that today, nor do I expect to be able to do so tomorrow or Wednesday. But I do hope to be able to do so shortly after we return, following the Easter recess.

ROYAL CANADIAN AIR FORCE

REQUEST FOR STATEMENT CONCERNING FIRE IN HANGAR AT PENHOLD

On the orders of the day:

Mr. G. K Fraser (Peterborough): Mr. Speaker, I should like to ask a question of the Minister of National Defence. Is the minister going to make a statement in regard to the fire that occurred in a hangar over the week end?

Hon. Brooke Claxton (Minister of National Defence): No, I was not intending to.

Mr. Fraser (Peterborough): Are you at a later date? This is a very important matter —a $2 million fire, according to what the papers say.

[*Later:*]

Mr. Claxton: May I refer to the question asked by the hon. member for Peterborough. As the hon. member and other hon. members know, the practice is that after a fire occurring in any of the armed forces a very thorough investigation is made. That of course is under way now. If any hon. member wishes to have any information after the investigation is held, I shall be only too glad to give it.

Inquiries of the Ministry

GRAIN

REQUEST FOR LOW INTEREST LOANS ON FARM-STORED GRAIN

On the orders of the day:

Mr. H. A. Bryson (Humboldt-Melfort): Mr. Speaker, I should like to ask a question of the Minister of Trade and Commerce of which I gave notice on April 5. Has the government received a request from the government of Manitoba that low interest loans be made to farmers on farm-stored grain? Does the government intend to reconsider its attitude against loans of this nature?

Right Hon. C. D. Howe (Minister of Trade and Commerce): Mr. Speaker, I have no recollection of having received a communication from the government of Manitoba, though I noticed in the press that the legislature of that province has unanimously voted that this government should do as the hon. member has suggested. It is easy for one legislative assembly to vote that another legislative jurisdiction should pay out money. However, the government has no present intention of changing its policy in that particular regard.

INQUIRIES FOR RETURNS

GOVERNMENT EMPLOYEES NOT CANADIAN CITIZENS —ARCHITECTS RETAINED BY GOVERNMENT

On the orders of the day:

Mr. E. D. Fulton (Kamloops): Mr. Speaker, I should like to ask the Secretary of State what progress is being made in preparing two returns, one of which was ordered on February 18, dealing with the subject of non-Canadians in the public service, and the other on March 3 dealing with the subject of the number of architects employed in departments other than the Department of Public Works.

Hon. J. W. Pickersgill (Secretary of State): I shall have inquiries made.

VETERANS LAND ACT

REPORTED REFUSAL OF FARM IMPROVEMENT LOANS

On the orders of the day:

Mr. W. G. Dinsdale (Brandon-Souris): Mr. Speaker, I should like to ask a question of the Minister of Finance. I originally directed this question to the Minister of Agriculture (Mr. Gardiner), but I was informed before coming into the house that it related to the Department of Finance. Is the minister aware that veterans farming under the Veterans Land Act are being refused farm improvement loans? What is the reason for the change in policy respecting veterans?

Inquiries of the Ministry

Hon. Douglas Abbott (Minister of Finance): I shall look into the matter and give my hon. friend an answer later.

NATIONAL DEFENCE

RADAR DEFENCES—RELEASE OF INFORMATION TO PUBLIC

On the orders of the day:

Mr. W. M. Hamilton (Notre Dame de Grace): Mr. Speaker, I should like to ask a question of the Minister of National Defence. I wonder if he could tell us whether information on Canada's radar defences in the north is now being made generally available to the public.

Hon. Brooke Claxton (Minister of National Defence): Well, sir, the advice of the chiefs of staff, which hitherto I have acted on, is that they should not be made available to the public. However, inadvertently some information has been made available but not in a systematic form. It is very desirable that they should not be made available to the public, but the very nature of radar stations prevents their being completely secret, as stations are usually erected on the tops of hills. What is important is that we should not officially give a list of radar stations that indicates their existence, our progress in building up, or their operational qualities, thereby enabling the only potential enemy to check the efficiency and effectiveness of its own sources of intelligence.

Mr. Hamilton: May I ask a supplementary question? Will the minister say that much of the information to which he refers was revealed in an air force publication which has a fairly general circulation?

Mr. Claxton: No, not in that form, Mr. Speaker. This magazine, the *Roundel,* is what I had in mind in my previous answer. Through inadvertence it published in lists of postings from one station to another postings to radar stations.

Mr. Hamilton: A further question of the Minister of National Defence, Mr. Speaker: What steps has the minister taken to see that publication of such secret data made by our Department of National Defence does not occur again in a government publication?

Mr. Claxton: The question raises a good many questions as to future policy regarding security for radar stations, and the whole matter is being looked into.

[Mr. Dinsdale.]

INCOME TAX

REPORTED COMPLAINTS AS TO ACTIONS OF INSPECTORS

On the orders of the day:

Mr. E. G. McCullough (Moose Mountain): Mr. Speaker, my question is directed to the Minister of National Revenue. It arises out of letters I have received from farmers in Saskatchewan complaining of the methods used by income tax inspectors. Has the minister received complaints from farmers as to the procedure of income tax inspectors in Saskatchewan? If so, is any action being taken to correct their methods in making certain investigations?

Hon. J. J. McCann (Minister of National Revenue): No complaints have been received that I am aware of.

LABOUR CONDITIONS

UNEMPLOYMENT—REQUEST FOR LATEST INFORMATION

On the orders of the day:

Mr. W. B. Nesbitt (Oxford): Mr. Speaker, I should like to direct a question to the Minister of Labour. Has he the most recent figures available of those seeking jobs in Canada at the present time?

Hon. Milton F. Gregg (Minister of Labour): I have no over-all figures later than those announced over two weeks ago for the previous month.

RADIO BROADCASTING

CONSULTATIONS WITH MEXICO ON FREQUENCY ALLOCATIONS

On the orders of the day:

Hon. Lionel Chevrier (Minister of Transport): I should like to answer a question asked on Friday by the hon. member for Macleod (Mr. Hansell) as follows:

> Have consultations been held between the Department of Transport or the Canadian Broadcasting Corporation and any representatives of the Mexican government or radio interests in Mexico during the last month in respect to frequency allocation? . . . If the answer is in the affirmative, will the minister state the nature and result of these negotiations or consultations?

The answer is yes. Consultations have been held at technical level between officers of the government of Mexico and of the government of Canada looking towards the solution of engineering problems arising out of the sharing by radio broadcasting stations in both countries of the channels in the standard broadcast band. These consultations are to be continued by correspondence.

PUBLIC BUILDINGS

STATEMENT AS TO BUILDINGS IN PETERBOROUGH

On the orders of the day:

Hon. Robert H. Winters (Minister of Public Works): On April 8, the hon. member for Peterborough (Mr. Fraser) asked whether the government has sold or will sell the old customs building and the existing post office building in Peterborough.

In reply, I may say that neither building has yet been sold. Consideration is being given to using the site of either one or the other building to provide accommodation for the unemployment insurance commission.

THE BUDGET

ANNUAL FINANCIAL STATEMENT OF THE MINISTER OF FINANCE

The house resumed, from Tuesday, April 6, consideration of the motion of Hon. Douglas Abbott (Minister of Finance) that Mr. Speaker do now leave the chair for the house to go into committee of ways and means.

Mr. J. M. Macdonnell (Greenwood): Mr. Speaker, I find it very hard to deal with this budget. It does not itself seem to deal with anything in particular. We have a lot of optimistic hopes by the minister. On the one hand he says, if such and such a thing happens, then the prospect is satisfactory; if it does not happen, things will not be so good; but his conclusion is that the favourable things will happen. This is all very well and fine but the minister gives next to nothing to support his optimistic conclusions.

Next we have a microscopic tax reduction which seems related to nothing in the world except perhaps the minister's desire to leave a good farewell impression in the minds of the children and the users of curling tongs.

The budget reminds me of a book by the late Hilaire Belloc which he entitled "On Nothing".

As I said the other evening, the minister spent an hour and twenty minutes trying to persuade us that the budget was not a budget of blank negation. But I doubt if he even deceived himself. At any rate the immediate and universal feeling throughout the country, so far as one can judge from the press, is that the budget has been a dud.

Let me set on the points on which it is negative. It has nothing for employment, nothing real to relieve the taxpayer, nothing to break the deadlock in wheat, nothing to

indicate any intention of improving the efficiency of government, nothing to reassure us that we are not going to have another spate of inflation.

We have come to regard the budget as a statement of what the government has been able to do for the welfare of the Canadian people and its citizens, and second, as a kind of statement of economic conditions in the country.

Judged by this first test, what has the present budget done? The minister will bring in some resolutions, and they will be finally embodied in legislation, but no one can suggest that they will have the slightest effect on the life of the community. They will cause scarcely a ripple. I understand that Birks have announced a 10 per cent reduction on wedding rings. It is not of personal interest to me, but I doubt whether even in these days it will either stimulate or retard the number of marriages that will take place, and I so far have been able to see no other effect of any kind.

I wonder whether it has ever occurred to the minister that if he had only left last year, basking in the sunshine of reduced taxes it would have been a happier thing than in the twilight of today. Gone are the surpluses which rejoiced the heart of the minister, and indeed there is an ugly fear that even the picayune surplus of $4 million which he predicts may not materialize. There is an ugly fear that perhaps he has been a bit optimistic in predicting that, and that he has found it easy to run away from some of the awkward facts. For example, the minister did not find it in his heart to tell us of the large number of industries in which, according to recent reports, production is down: Metal mining, coal mining, non-metal mining, manufacturing as a whole, non-durable manufactures, dairy products, wheat flour, rubber products, tanneries, textiles, clothing, coke and gas products, durable manufacturers as a whole, wood products, iron and steel products, including primary iron and steel, non-ferrous metal products, non-metallic products and electric power.

Mr. Knowles: Mr. Speaker, on a question of privilege; I wonder whether my hon. friend would consider moving a little to the right or to the left so that he would be in front of one of the microphones.

Mr. Fleming: Preferably not to the left.

Mr. Knowles: We are having trouble in hearing what he is saying.

Mr. Macdonnell: I am extremely flattered that the hon. member for Winnipeg North Centre (Mr. Knowles) should wish to hear me, and I certainly will do my best.

Mr. Knowles: So you responded by moving to the left.

Mr. Macdonnell: But not far.

Mr. Fleming: Only in a geographical sense.

Mr. Macdonnell: May I ask whether I can now be heard?

An hon. Member: That is better.

Mr. Macdonnell: May I again thank hon. members for wanting to hear me. It is a very unusual experience.

The minister's optimism naturally has attracted a good deal of attention, and the *Free Press*—I mean the Winnipeg *Free Press*—has this to say—

Mr. Knowles: Capital "F".

Mr. Macdonnell: I quote:

> He makes the surprisingly buoyant assumption that the upturn in the second half of the year will more than compensate for the declines which have been evident in certain branches of industry since the beginning of the calendar year.

The minister makes it clear that he is basing this optimism on his expectation of an upturn in the United States. My only comment on that is that I think it needs a lot more than an upturn in the United States to cure our situation. I think it needs a good deal of effort on our own part. I think it means bringing down our costs in the export trade where we are being hampered at the moment by competition we cannot meet.

Nevertheless, the minister's optimism is attractive. As I listened to it, my mind carried back to a cult—I suppose it was a cult—which was popular a good many years ago, called Couéism. It was a kind of autosuggestion. People muttered incantations to themselves and by that means I suppose they bucked up their morale and the morale of others, and made themselves feel better. One of the incantations I remember was, "Every day and in every way, I am becoming better and better." I suppose the minister has perhaps adopted a little of that and says, "Every day and in every way things are becoming better and better."

I would be the last to deprecate optimism, but I do feel that, while our long-term prospect is brilliant, we should not assume that it is free from perhaps a little of what the minister calls hesitation. I thought that was a nice word. I propose to refer to it later—occasional hesitation. But while I love optimism, I do not think that we should confuse optimism with wishful thinking. I think what we need is informed and well-based optimism, and I wonder a little whether the minister, humanly enough, just made up his mind that he was going to go optimistic. After all, after seven prosperous years it is hard to contemplate a change and, as I said the other night, I realize that when governments are carried along on the crest of a boom they come to believe that really nothing can go wrong when they are in power—at any rate, that nothing can go seriously wrong. I think they come to believe that they are the darlings of fortune and that fortune will never desert them. So the only world dreamt of in their philosophy is a world where things are always bigger, better and brighter.

Although the minister does admit that there are considerations which give some cause for hesitation, nevertheless he comes definitely down on the side of optimism, but what I would rather call wishful thinking. In this connection it is very interesting to read a short comment on the minister's speech from the *Financial Times* of London. It is a matter of some interest that the Canadian Minister of Finance (Mr. Abbott) and the British Chancellor of the Exchequer presented their budgets on the same day. It did invite comment, and I propose to read a short comment from the *Financial Times*. The *Times* says it is obvious from the Canadian budget that finance minister Abbott has based his entire economic policy on an early recovery in the United States. Again, they say:

> That, it is worth noting, is more than Mr. Butler, chancellor of the British exchequer . . . is willing to do.

Again:

> This contrast perhaps also serves to explain why Mr. Abbott had not shown more concern about the marked deterioration in the Canadian trade balance in the past year.

And further:

> Evidently it would be very hard indeed for Mr. Abbott to contemplate any other assumption than an early revival of American economic activity without some fundamental changes in his whole financial policy. But that does not make his present policy any less of a calculated risk.

The comment I wish to make on that is that I fail to find very much calculation in the Minister of Finance's assumption of risk. I fear, indeed, that there was not much calculation but that the assumption was a bad assumption, and perhaps even a misleading one. At any rate, there was not enough to support it.

I wish to come now to the definite topics that I want to consider. I wish first to refer

to the continued rise in non-defence expenditure which faces us this year, as in other years, and which we find perplexing and to which there seems to be no answer that the government has been able to find. This year, with things uncertain, we might have expected some kind of retrenchment, but apparently there is none whatever. Private individuals, private corporations, even government corporations like the Canadian National, have to economize. They have to cut their suit according to the cloth. They have to be realistic. But apparently as long as the government has the pocket of the taxpayer open to it it does not become realistic. If only there were a higher power to say to the government, "This is all you have to spend, you cannot spend any more", I think magical things would come about in the way of reorganization.

That has happened in the United States. We are told that they have cut off $7 billion and hope in the coming year to add $5 billion to that. They are taking it seriously. Realism has overtaken them. I suppose one thing which has prevented our taking the situation realistically is that we have had these surpluses. In the United States they have not been misled by surpluses. They have not taken extra money from their people and they have not had these surpluses which are apt to lead a government astray, and I think have led our government astray.

In some mysterious way our government seems to believe there is a divine dispensation which relieves us of the necessity of doing what other people have to do. We apparently do not have to practise prudence and economy. Optimism is the substitute. Of course we all know that that does not make sense. We all know that taxes enter into the cost of production, and we all know that non-defence expenditure should be coming down.

I want to deal with this matter at some length. Let us have a look at our non-defence expenditures since 1948. In the fiscal year ended March, 1948, they were $1,994 million, in round figures. At the end of the next fiscal year they were $1,907 million, a blessed drop to encourage us, but there has been no such encouragement since. At the end of the last fiscal year they were, when you add the old age security fund, $2,697 million, and the present budget provides for $2,892 million. When you take into account the supplementaries and our non-civil defence expenditures they will be approximately $3 billion this year.

What about our civil service payroll? Permanent and temporary employees increased from 118,000 in 1948 to 135,000 in December, 1953, and the payroll rose from $226 million to $360 million. If we add casuals, ships' crews and so forth, the number of civil servants as of the year 1953 is not 135,000 but 171,000, and the payroll, on the basis of adding casuals, is not $360 million but approximately $475 million. Commenting on this, the *Financial Post* says:

> The trouble with a government job or project is that it never seems to end. Hardly a week passes but some new board or commission is set up, an office opened and a staff hired. But seldom indeed are these groups disbanded even when their original mission has been accomplished. The usual practice is to absorb the staff into some other branches of the service. Over the years that sort of thing adds thousands to the government pay roll but little indeed to government efficiency.

I do not propose to dwell on these figures. I do propose later to dwell as emphatically as I can on what I believe is the need for a close scrutiny into government operations. However, at a time when questions are being asked in the house as to why the C.N.R. has had to reduce its staff, at a time when, from all across Canada, labour departments report unemployment, at a time when there is the greatest anxiety in labour circles about the existing situation, at a time when the unemployed are being asked to tighten their belts and hope for the best and believe the minister has some heaven-sent inspiration when he predicts that all will be well or nearly well in the autumn, at this time the one organization which does not practise what it preaches is the government.

In spite of all this the minister forecasts a surplus. It is microscopic compared to the surpluses of his big days, and even here one wonders whether by the desire to make things look good, by the inability even to contemplate a deficit, he has not been led away by unwarranted optimism. Last year he underestimated the gross national product by $345 million. Nevertheless, even with this windfall of more than a third of a billion dollars, he was high in his revenue estimate by nearly $100 million. If, as some think, the gross national product may be actually lower than last year, if our economic growth has really slowed to a walk, then it could be the minister would have a substantial deficit. I should like to ask him when he replies to state his present estimate of the gross national product.

It is perhaps natural that the attention of an opposition should be especially attracted to one form of expenditure beyond all others, namely the millions spent on displays, films, advertising and other informational publicity.

"Informational publicity"—what a blessed phrase. Especially invented, no doubt, for the use of government so as to be able to use public money, incidentally, to advertise itself. The government has seized with

avidity upon this means of advertising. The figures have grown from $1,799,000 in 1930-39 to $7,177,000 in 1950 and $11,164,000 in the budget for 1954-55. Various instances might be given but I think it is perhaps interesting to refer to some of the pamphlets published under the authority of the Minister of National Health and Welfare (Mr. Martin).

Under the slogan "Posture's Important When you are Very Young" is a picture of two posturing children apparently modelling themselves on two giraffes and what I take to be an ostrich in the background. Then, again, with the minister's blessing, we have the "Robertson" children going to the dentist. They are remarkable children. They brush their teeth immediately after every meal. They do not eat candy or sweet things between meals or before going to bed. This looks to me like total abstinence, and I fear that the minister's tax reduction on candy will mean little to them; but I am sure they will appreciate the kind thought of the Minister of National Health and Welfare. Finally, there is a posture circular for adolescents. The instructions are long but I gather that the authorities are against protruding abdomens and hollow backs. Again comes—

Mr. Martin: May I ask the hon. member a question? Does he think we should discontinue these three publications which are strongly supported by the department of health of the government of the province of Ontario?

Mr. Ferguson: I heard nothing about that when I was young.

Mr. Abbott: That is obvious.

Mr. Macdonnell: I submit that all I was doing was bringing these to the attention of the house and to the skilful use of language on the part of the minister. When the minister rose I was afraid he was going to reach for one of those speeches he always has ready.

Mr. Martin: I have too much regard for the hon. member.

Mr. Macdonnell: That is very kind of the minister, but I should add that I do not feel the other departments are idle in this good work. The Department of Agriculture, for example, is busy giving information to the farmer. No doubt the farmer obtains much the same information from the provincial government, but on the other hand no doubt the economists, of whom there are 55 employed by the Department of Agriculture, have many interesting things to say and the only thing one can hope for is that they do not overlap too much.

It is not perhaps surprising in the light of this that there are complaints in the press. The Edmonton *Journal*, which I believe is an independent newspaper, states:

> What makes this all the more disheartening—

And what they say is very true.

> —is the fact that the increase is not the result of some major crisis requiring costly emergency measures, but rather a general rise in ordinary expenditures.

The *Journal* goes on to make what I believe are very pertinent criticisms:

> No attempt is apparently being made to offset higher salaries by cutting down the size of departmental staffs. Irritating extravagances of the past are being faithfully carried on.

This points dramatically to the different administrative attitudes in the United States where the Eisenhower administration has cut the federal budget $7 billion below its previous level, and is planning a further cut in the neighbourhood of $5 billion.

The Edmonton *Journal* concludes:

> Our government's indifference to economy is all the more unfortunate because the general economic outlook in 1954 is more uncertain than it has been for several years.

Mr. Speaker: May I interject here and point out that the hon. gentleman has already quoted three extracts from newspapers. I would remind him of citations 264 and 265. Citation 264 states:

> It is out of order to read extracts in a debate if they: (a) refer to other debates during the same session, etc.—

It is not in order to put on *Hansard* the expression of opinions by outsiders commenting on our proceedings. The hon member is quite entitled to express his own opinions but he cannot put on *Hansard* the expression of opinion by others. I quite realize that certain hon. members may think I am being rather drastic in this instance but I know this debate will be prolonged, and it is my belief that too many members indulge in the habit of reading quotations into *Hansard*. I do not say all hon. members follow that practice but I believe it would be wiser if I gave a warning at the opening of this debate. Unless that is understood we may have opinions expressed by every newspaper in the country put on *Hansard* by the time this debate ends, and that is exactly what I wish to avoid. I will read citation 264 again which states:

> It is out of order to read extracts in a debate if they:

And so on. And then the last paragraph states:

> Bourinot, page 335, refers to these objections when he says a member may read extracts from

documents, books, or other printed publications as part of his speech, provided in so doing he does not infringe upon any point of order.

Citation 265 states:

It is not in order to read articles in newspapers, letters or communications emanating from persons outside the house and referring to, or commenting on, or denying anything said by a member or expressing any opinion reflecting on proceedings within the house.

Citation 266 states:

On the 17th March, 1933, a member quoting a newspaper in debate was ruled out of order by the Deputy Speaker who said: "The rule is quite clear, that the quoting of a newspaper, an author or a book which reflects upon debate before the house, either directly or indirectly, is entirely out of order, because members are here to give their own opinion and not to quote the opinion of others . . ."

I am obliged to cite these authorities so that we do not have during this debate the reading of several quotations on *Hansard.*

Mr. Macdonnell: Mr. Speaker, I am sorry if I have forced you to correct me again. As a matter of fact, I was a little bit uneasy. The temptation, of course, to take quotations is extremely strong because free writers so often express your views better than you yourself are able to do so. However, I think I am in the happy position that I have now read all my quotations and that there is no need for me to trespass upon your patience any more.

We in our party have constantly sought to keep before the people of Canada the urgent need for the federal government's reaching agreement with the provincial governments with regard to the reallocation of taxing power. We have done this so often and in such detail, I do not think that I shall repeat this argument today. We have strongly criticized and continue to criticize the obstinate procrastination and ineptitude of the government in not pursuing this matter as they have been urged to do. In the amendment that I propose to move today I shall include the exact words of a paragraph which my leader moved in this house dealing with this subject on November 24, 1952: I regret that the government shows no intention of dealing with a matter which threatens the very foundations of our national unity.

Mr. Speaker, I am coming back to this question of spending because I believe it to be of the very greatest importance. I have not spent a lot of time talking about this or that extravagance because I have come to the conclusion that unless the government is ready to do what it as yet has utterly refused to do, except in one or two special cases, namely to invite outside assistance in their organization, it seems to me that the matter is hopeless. I am therefore not giving a lot of detailed cases of expenditure.

When even the ministers are admitting that things are uncertain and that we are maybe running into difficulties, I confess that I would have thought that this would have been a time for retrenchment, but I have seen no sign of it; there is no sign of it. It would look as if the government has no capacity to deal with this matter. Apparently, something comes over men when they have been a long time in power, and they do not seem to reach the conclusions that sensible men would reach in their own business or which I assume the members of the government reach in dealing with their own affairs. But when you find that non-defence expenditures are up by hundreds of millions of dollars, it really causes you to think. Of course, in a private organization that kind of thing could not happen. There would be the acid test of the profit and loss account. I confess that I had thought that even the government, faced with a situation which has been partially disclosed to us, would have taken some steps to deal with it; but as I say, I can find no sign of it whatever.

The leader of my party, who incidentally has had a great deal of experience of government, has made suggestions with regard to calling in outside assistance, and the answer has been in the negative. The Minister of Trade and Commerce (Mr. Howe) dealt with this matter at considerable length and his refusal took two lines, first that there was nothing to correct and, second, that if there were a report such as that which was made by the Hoover commission, it would do no good. The arguments which were used I found to be very strange and I propose to deal with them at some little length because I regard this as a matter of first-class importance; and if it is possible that anything I shall say will have any effect on the decision, I want to say it.

The first argument used by the minister I thought was extremely strange. He pointed out what is true, namely that our cabinet comes into being in a different way from that of the cabinet in the United States where, as we know, members of the cabinet are named by the president. He seemed to think that because the government obtained its authority from the votes of the people, unlike the government in the United States which is appointed by the president, that fact was going to make all the difference in the world. I find his argument interesting,

unusual and, if I might say so without being offensive, nonsensical. Here it is. The minister first says:

> These men—

That is, the members of the Canadian cabinet.

> —take an oath of office that they will carry out the specific work that has been assigned to them.

By that remark the minister seems to imply that by taking the oath of office people, regardless of their capacity or their experience, by some magic have become supremely or absolutely competent to do their job. The minister goes on to say this, and what he says is quite unwarranted:

> We are asked now to accept the view that these men are mediocre people, and very bad administrators.

Nobody has used harsh words of that kind. There has been no suggestion of that kind. The suggestion has been that there was room for assistance from outside. Nobody knows better than does the Minister of Trade and Commerce that, in the business world, it is those who are most competent who are most ready to call in outside assistance.

Then next the minister says this—

Mr. Abbott: Will my hon. friend allow me to inquire whether these quotations are from a debate during this session or some previous session?

Mr. Macdonnell: At a previous session, I think; yes, I am confident that they are from a debate in a previous session.

Mr. Abbott: If they are from this session of parliament, then they are out of order, of course.

Mr. Macdonnell: I am confident that it is a previous session. The next thing we have is this:

> We are asked to get a group of independent people, as though there were no independence in those administering the affairs of government.

I find myself unable to think of the right word by means of which to describe this argument. I will reply to it merely by asking a question of the minister. When it was found necessary for the Post Office Department to get an outside report—which I understand was before the regime of the present Postmaster General (Mr. Cote)—did the government ask a member of the government to do it or did they get someone from outside? We all know the answer. Therefore the government's action really makes absurd the answer given by the Minister of Trade and Commerce.

I am dwelling on this matter, Mr. Speaker, because it seems to me a striking and almost unbelievable instance of the complete, impenetrable and absurd self-satisfaction of the government. The minister repudiated the idea that anyone from outside could help. He said:

> I presume that the government would choose the very best men they could find, but the fact that it would be an independent body without responsibility to anyone would be, in my opinion, no guarantee that they would be better judges of how this parliamentary government should be organized and administered than are the elected representatives of the people who have sworn to carry out that particular task.

Again you see, Mr. Speaker, the belief in the mythical effect of taking an oath. I will not embarrass the minister by asking him if it is really true that in the case of all his colleagues the oath has covered all defects of mind and heart, and whether he has found them all the supermen we are now asked to consider them.

Now, the minister goes on and says that he has not heard of any great changes being made as a result of the Hoover report. To that I would answer that I commend to the minister a publication entitled "Status of the Hoover Report", by a committee of citizens. It is further called, "A citizen's guide to the progress of Federal Reorganization". It is worth setting out some of the conditions which the Hoover commission found when they began to delve into the Washington situation, because I assume we will not be stupid enough to imagine similar conditions would not be found here.

I shall recite some of the incidents upon which the Hoover commission reported. One Missouri farmer received conflicting advice on the use of fertilizer from five separate agencies in the Department of Agriculture. It would not be hard to imagine, with all the economists we have in our own department, that there might occasionally be duplication in our Department of Agriculture. Budgeting and accounting—the government was maintaining four separate distinct and duplicate sets of books for some important types of federal accounting. Because of obsolete laws, freight car loads of old vouchers were being shipped to Washington for detailed audit when a simple spot check in the field would suffice. Labour—there were more federal activities outside the Department of Labour than in it. This reminds one, incidentally, of our own Department of Trade and Commerce producing unemployment figures as far apart as the poles from those of the Department of Labour. Indian affairs—there were 12,000 Indian bureau employees administering the affairs of 393,000 Indians, or one federal employee to each 32 Indians. Medical activities—five large and thirty smaller hospital systems

went their separate ways "with little knowledge and no regard for" one another's operations. New hospitals were sometimes built in areas where others stood empty. Others were built in remote places where neither patients nor physicians could use them.

Does anyone believe that if an expert reviewing agency reviewed our affairs it would fail to find similar situations? If anyone does, let him look at the Woods-Gordon report on the post office. I quote the following from page 42 of that report:

> The "Primary Sortation" is the first division of unsorted mail into a number of different groups. While this plan will require further development, there is an indicated annual saving in the forward letter section of the Toronto post office alone of approximately $200,000 per annum.

I quote again from page 54:

> While these suggested revisions in the organization's structure in the transportation branch do not materially change the administrative functions they strike at the primary weakness, the lack of future policy and program regarding the extent and nature of transportation services.

To suggest in the face of this that there is no need of inquiry and investigation does not make sense. It will merely create the impression the government is not happy about the situation and that there are things to hide.

It only remains to add that the story of the results of the Hoover commission does not in the least warrant the suggestion it has been ineffective. Here is a summary which is illuminating. The recommendations made by the commission totalled 273. Of these 116 or 42 per cent have been accomplished; 35 or 12 per cent have been mostly accomplished; 44 or 16 per cent have been partially accomplished, which leaves 77 out of 273 remaining.

I do not think, in the light of this, anyone will seriously say that the Hoover report should be laughed off. Of course, it has been hard, when everything has been booming, to get the public interested, but it may be more easy to interest them in the future than it is now. The government is content to advise other people to reduce their expenses, but they do not set an example. Indeed, of course, the government makes it almost impossible for other people to reduce their costs by maintaining taxation at such a rate.

I come now to the question of unemployment. There is nothing in the budget to comfort the unemployed except the minister's optimism, which is a thin mixture. However, I believe the unemployed should turn their wrath rather on the Minister of Trade and Commerce than on the Minister of Finance. The Minister of Trade and Commerce manages to ignore the figures which come from the Department of Labour. He runs an opposition show of his own. The confusion really becomes complete when the two departments use different words to describe unemployment. It is a kind of runaround. "Unplaced applicants", as they are called by the Department of Labour, are not far from 100 per cent higher than the "persons without jobs and seeking work", which is the phrase produced by the trade and commerce department and used by its minister. Then, we have a third category of "persons without jobs and seeking work, plus persons on temporary layoff".

Here are the latest figures available as at February 20 last. Unplaced applicants, in round figures, totalled 559,000. This is the figure published by the Department of Labour, but the dominion bureau of statistics produces an entirely different figure for "persons without jobs and seeking work, 312,000". To add to the confusion, there is the third figure entitled "persons without jobs and seeking work, plus persons on temporary layoff, 335,000". We have, as I say, complete confusion. We have the government speaking with two if not three voices, and the confusion gets worse the farther we go.

In speaking about this the Minister of Finance says, as reported at page 3727 of *Hansard* for April 6, 1954:

> And I do not believe, in any case, that increased public works of the kind appropriate for the federal government can remedy a problem which is to a large extent local in character.

Now, the word "local" attracted me because I think the minister has failed entirely to keep in touch with the labour department. The March issue of the *Labour Gazette* shows an average of 40 per cent of Canadian wage and salary earners in what is called "substantial labour surplus areas", and almost all the rest in moderate surplus areas. To put it differently, may I say that of 109 localities, 57 were in substantial surplus, 48 in moderate surplus, and only four very small places were in approximate balance of labour demand and labour supply. In percentage figures what this means is that in more than half the area there was at least one worker in every ten unemployed, and in practically all the other areas from one in ten or one in sixteen were unemployed.

In the face of this situation, what comfort are the unemployed to get? All that they have is what the Winnipeg *Free Press* calls "the surprisingly buoyant assumption that the upturn in the second half of the present year will more than compensate for the declines which have been evident in certain branches of industry since the beginning of

the year." Now, the minister says again, at page 3726 of *Hansard* for the same date:

> Indeed, in the dynamic kind of economy we have in Canada an occasional hesitation in its forward movement may well be one of the consequences of the buoyant character of our economic growth.

"Occasional hesitation"—I think that will seem, to the man who is suffering from unemployment, like a far-off distant voice of some superior being to whom the affairs of poor mortal men are remote. "Occasional hesitation", however, will mean something very real and vital to the unemployed in their day-to-day lives.

The ministers tosses the ball lightly from one to the other. The Minister of Labour (Mr. Gregg) says the time has not come for public works, and that the Minister of Finance will deal with the situation by fiscal and monetary measures. The Minister of Finance seems to be in the same mood he was in earlier in the year when he said that unemployment was not really "serious", although he admitted that it was "unpleasant". Having got himself to this point, his conclusion is not surprising. He said:

> In the light of all these considerations I do not feel that drastic measures by government are appropriate to the present economic situation. Governmental intervention or expenditure is not a cure for the problem of those industries where supply has temporarily outrun demand.

The ministers are good at negation. "It is not time for this". "It is not time for that". What is it time for? We get nothing but negation, and the hope that the United States will cure our problem. That is really all that is left.

I should qualify that to this extent, that the Minister of Trade and Commerce speaking the other day in Toronto, did seem to have a vague idea that not everything was quite right. He did say that there would be co-operation between government and industry with regard to employment. But he did not seem to worry about it, at all. His conclusion was:

> By and large, the Canadian economy remains buoyant and expanding.

Of course everyone hopes that the ministers are right. The Minister of Finance is pinning his hopes on United States recovery. But we must, incidentally, remind ministers that costs must come down, and that blithely offering cheap advice to producers about costs, while the government does not do anything about it, leaves them in the very greatest of difficulty.

What the unemployed make of all this, I cannot say. When ministers are not agreed on the problem, how is it likely that the unemployed will feel when there is no serious interest being taken? And when other ministers ignore the Minister of Labour, how can the unemployed have confidence? It is too much to expect. If uncalculated optimism blunders into being right, well and good. But supposing this optimism is wrong—then we will be in a proper mess, and the government will be responsible for taking the risk, which the *Financial Times* says is a "calculated risk", but which in my opinion is wishful thinking.

I have been talking about the unemployed. Their plight is largely caused by shrinkage in our export trade, and I now propose to say a few words about trade, including the subject of wheat. The Minister of Finance spoke hopefully about international organizations which have to do with international trade. He mentioned the international monetary fund, the organization for European economic co-operation, and the general agreement on tariffs and trade. And we can all hope that his expectations will be realized. But again I say that he cannot take advantage of these conditions, however important they may be, unless we have set our own house in order, and can meet competitive prices.

The Toronto *Star* draws this warning from what the minister said, when it says:

> Our economic growth has slowed to a walk.

And again:

> It may not be necessary, as Mr. Abbott says, for the government to take any drastic measures to deal with the recession. But even if business recovers to last year's levels it will not give us the expanding economy we need to sustain full production and employment.

I suggest that is a remark well worth pondering, because it is true our economic activities these last few years have depended upon a constantly expanding economy. In the atmosphere which has been created, to stop expanding is going to mean the equivalent of going backward, because so many people have come to count on expansion as the ordinary course of things; to believe that next year will be better than this, and to arrange their expenditures accordingly. Indeed, I think we can say that the government has, in effect done that. And it is not surprising that the ordinary citizen has followed their lead.

So the condition we have is that the government is gambling with the welfare of the unemployed, and indeed with the welfare of all of us. I shall not worry hon. members with long details of trade figures. I could point out that in 1953 we had a trade deficit of $210 million against a surplus of $325 million the year before, or a net worsening of $535 million.

The reasons are three in number. The first of these is the premium on the Canadian dollar, which impeded trade to some extent. The second is the price of Canadian goods and the third the shortage of dollars in certain areas.

As regards the prices of Canadian goods I wish to remind hon. members of a comment which has been quoted in the house—and, Mr. Speaker, I am not quoting from the press, but rather from the speech at the annual meeting of the Royal Bank where Mr. Muir said:

> Startling and unpleasant as it may be, there is evidence that Canada is tending to become a high cost economy in which natural and artificial barriers prevent us from achieving the degree of flexibility and mobility required for orderly adjustment.

Now, I have spoken about the decline in foreign trade, caused increasingly I think by our high costs and our failure to meet competition abroad, which is disconcerting enough. But, worse still—and there is plenty of evidence of it—is the failure to meet competition at home. Mr. Forsyth, president of Dominion Steel and Coal Corporation, has spoken recently of the failure to meet competition "in our own backyard." He no doubt had in mind cases of Canadian manufacturers being substantially undersold by European competitors, particularly those from the United Kingdom. Two recent cases have come to my own attention, in one of which a United Kingdom competitor tenderer 50 per cent below the Canadian tenderer and in another case 22 per cent below.

Of course we all know the results of German competition because there is much of it. Particularly, with our own eyes, we see the little German motor car, the Volkswagen, on our streets.

What does the Minister of Finance say about all this? Well, he seems to be doing a kind of balancing act. On the one hand, in a realistic passage of his speech he says:

> Some industries are finding that they have not watched their costs as carefully as they should, that their break-even points are uncomfortably high, and that their costs and prices are out of line.

And again he says:

> The re-emergence of keen competition in trade means readjustment and appraisal.

But in the next breath we have:

> I do not believe that the current slowing down of expansion will be serious or prolonged.

Then he comforts himself by saying:

> Responsible opinion in the United States seems to be confident that the present down-turn will not be deep or prolonged.

And finally he has persuaded himself by his own optimistic arguments when he says:

> I think an up-swing in the second half of the year will more than compensate for the declines that are evident in certain branches of industry at present.

I think it would have been more accurate if the minister had said, not "I think" but "I want to think" or "I must think" or "I am determined to think".

While I am speaking about export sales I should like to say a word about wheat. Apart from the large amount involved, wheat has always been regarded as a kind of index of the Canadian economy. The many inquiries made in the house the Minister of Trade and Commerce was apt to wave aside rather airily, and to suggest there was nothing much to be concerned about. But I do not think the position of the farmers warrants his unconcern. The net income of farmers was down 14 per cent in 1953 from 1952, and more than 23 per cent from 1951, while the index of the things the farmer buys shows that it is down only 4 per cent.

I think the seriousness of the situation struck the house and the country suddenly about a month ago when the minister told us that no wheat from the 1953 crop was yet sold, and that on January 30 there were 127 million bushels from the 1952 crop in the hands of the wheat board. On January 30, 127 million bushels from the 1952 crop were in the wheat board's hands. The situation on March 24, I am informed, was that 359 million bushels were in commercial positions, and 328 million bushels estimated deliverable on farms, making a total of 687 million bushels.

If the disappearance in the last four months of the crop year is 35 million bushels a month, which I understand is favourable, it would leave us about 550 million bushels on July 31, which is only six weeks away from the delivery of the 1954 crop. Notwithstanding this very high supply position, the Canadian government has taken what competent people regard as the very speculative, long position. It seems perfectly clear that if we have another good crop this position will almost certainly cost Canada dearly.

Those who are interested in precedents carry their minds back to a similar situation existing in 1929. At that time the pool virtually tried to hold up European purchasers and it had what we have learned to call a chain effect on shipping and other things, and was one of the things that precipitated the unfortunate situation that descended on us then. I suggest that there should be some co-operation, a meeting of minds between the

Minister of Trade and Commerce and the Minister of Agriculture. The Minister of Trade and Commerce is constantly telling us we are very fortunate to have that wheat just as wheat, and says you cannot go wrong as long as you hold wheat. There are some others in this house who have a mercenary idea that wheat is for the purpose of being sold, and they do not all seem to agree with the minister; however, I am not quoting them because their views will not prevail very far. But I do think that the Minister of Trade and Commerce ought to try to persuade the Minister of Agriculture. There does not seem to be unanimity there.

Mr. Gardiner: There is on that question.

Mr. Macdonnell: Well, not unless the minister has changed his mind from what he said on December 7—maybe there has been a meeting of minds since. The minister himself may be able to reconcile what I am just going to read.

Mr. Gardiner: Why not quote the speech I made in this house during this session?

Mr. Macdonnell: I am going to quote what the minister said on December 7. He will make his own speech if he wants to. I am going to quote the strong language he used in Rome on December 7. He said:

> During the war we were asked to produce great quantities of cereals, particularly wheat. Now we find no one to buy our surpluses at prices for which our farmers can afford to sell.

Again, he said—

Mr. Gardiner: On a question of privilege, Mr. Speaker, I want to say that those two statements that have just been read are parts of two different sentences in two different parts of my speech that were put together by someone and made to give that impression.

Mr. Argue: Still using an alibi.

Mr. Gardiner: The last part of the statement has to do with cheese and butter, not with wheat.

Mr. Rowe: What impression did you want to give?

Mr. Macdonnell: I come to butter and cheese later. I thought butter and cheese were in here. The minister will exonerate me from wanting to quote anything inaccurately—

Mr. Argue: Don't quote the minister.

Mr. Macdonnell: —from the press. The minister will correct me if he wishes.

Mr. Gardiner: The first part of what has been read is really a lead that was written by the newspaperman. It has to do with wheat, and in the other instance it has to do with dairy products, and another which was quoted only the other day in the *Gazette*, and that is why I am so familiar with it.

Mr. Macdonnell: I am going to quote something more unless the Speaker stops me, and perhaps by the time I am through the minister will feel that it gives a better story of what he said. I hope the Speaker will not prevent my reading it. Again he said:

> Our costs of production are very high. I do not think there is any country in the world today which can afford to buy some of our products at the prices our farmers must charge if they are to make a living.

He also said that Canada's cost of production of butter and cheese is extremely high. The minister indeed, as the phrase has it, certainly "blew his top".

Another remark attributed to him was that:

> Canada will maintain her vast grain store reserve with or without international aid.

There seems to me at the moment no question of international aid; the question is about selling wheat in a competitive market, and without pretending to adjudicate between two such experts as the two right hon. gentlemen, I have a feeling that the Minister of Agriculture has had quite a lot of experience in selling wheat, but maybe he will want to correct that, too.

Mr. Gardiner: If you will take my speech I will send you a copy of it, if you wish it. If you will take it and read it to this house they will see that it does not say these things at all.

Mr. Rowe: You should have given a proper release to the press.

Mr. Gardiner: I did not give a release at all.

Mr. Macdonnell: I should be glad to read the minister's speech at any time.

Mr. Rowe: It is bad enough to have to listen to it.

Mr. Macdonnell: I have to make do with what I have which, as I say, comes from a responsible source. The minister will be glad to know I am not going to quote any more of it, but I do think we are entitled to know what his position on this matter is at the moment, and that brings me back to the Minister of Trade and Commerce. I am sorry he is not in his seat. He is not as anxious to hear me as the people to the left. I hope, by the way, that my voice is carrying better.

Mr. Coldwell: Yes, much better.

Mr. Macdonnell: You are standing it all right?

Mr. Coldwell: Yes, following it very well.

Mr. Knowles: Did you say standing it or understanding it?

Mr. Macdonnell: I said "standing".

Mr. Knowles: You have a very pleasant voice.

Mr. Macdonnell: The Minister of Trade and Commerce is a man of many devices, but whether he is good at salesmanship is something that I do not know. Of course his experience with the grain business had nothing to do with selling; it had to do only with storing, and I am wondering whether he has a complex; whether he has got very, very good at storing and not much good at selling, and whether he gets great pleasure out of having bursting elevators all across the country—very well built by him. There was one unfortunate instance that we were told of the other night where one of the C.C.F. members nearly met his end, which would have deprived us of the pleasure of meeting him. At any rate, that is a long time ago. But it seems to me, when we have all this wheat and the minister sitting on top of it, the question does arise whether we are in a good position or not.

The Minister of Trade and Commerce has always been a great perplexity to me because he says—and I am sure he says it sincerely—that he is a believer in private enterprise. I have no reason to doubt that, except there are so many things he does that seem utterly inconsistent with it. Here we have a situation where the minister tells us we have got to rely on the good judgment of the wheat board. I have no doubt that the wheat board, if we could get inside their minds, would say: Of course we have to rely on the judgment of the minister. At any rate, between them they arrive at conclusions, and in any event it is the judgment of a small group of men; and this minister, who is a great exponent of private enterprise, is on the other hand so keen on having control in his own hands that we do not really get the benefits of private enterprise in anything that he gets hold of by way of public enterprise. Therefore I think it is legitimate to ask—I have no expert knowledge to do more than ask—whether it is possible that a few men who are now in control of selling wheat are backing their judgment against experienced purchasers in Europe. If they are, the question further arises whether they have open minds to believe that the situation is changing. Do not let us forget that the present handling of wheat has deprived us of merchandising skill. My friends to the left, even if they listen to what I say, will disapprove entirely of what I say. We are deprived of the judgment of scores or hundreds of expert merchandisers backing their judgment against each other and each day reaching what is the best composite view as to what price wheat can be sold at.

Mr. Coldwell: Is the hon. member suggesting that the farmers should market their grain on the grain exchange again?

Mr. Macdonnell: I am not making any suggestions except that I hope that the minister is not going to leave us in the position we are in now. The well-informed and always moderate review of the Bank of Nova Scotia for March has this important thing to say:

> The piling up of wheat stocks, not only in Canada but in the United States, the current restrictions on United States wheat acreage, the slow rate of sales under the international wheat agreement this season, the year-long decline in wheat prices outside the agreement and the recent seven-cent reduction in the Canadian lakehead price, are all symptomatic of the changed atmosphere. The world wheat market has become much more competitive . . . world trade in wheat will likely be smaller this year, and there is much to suggest that North American exports will bear more than their share of the decline.

Again the writer says:

> The combination of increased supplies and lessened demand has brought about a striking change in the atmosphere of the world wheat market. This change is clearly reflected in the slow movement of wheat under the international wheat agreement. Up to mid-February only a little more than 35 per cent of the amount of wheat which the four participating exporters agreed to sell and the 45 participating importers to buy in 1953-54, had been sold. And it should be noted that the total commitment under the agreement this season, because of the failure of the United Kingdom to enter, amounts only to 421 million bushels. At the corresponding date in each of the two preceding seasons, at least 70 per cent of the annual amount of 581 million bushels then covered by the agreement had been sold.

Later it has this to say:

> Though the policy of the wheat board is to keep Canadian prices fully competitive, there seems to be no disposition to pursue an aggressive policy of price reduction.

Finally:

> Regardless of how well prices hold up during the remainder of the season there is no doubt that the more competitive wheat market and the mounting surplus make the outlook for Canadian wheat more uncertain than it has been for a long time.

The matter could hardly be in a more unsatisfactory position. The minister gives us the bland assurance that wheat is a good asset. As time passes the minister takes things more and more into his own hands, and instead of obtaining the best composite judgment we can have we have to rely on him. Attempts were made to hold up the purchases in the United States and Canada in 1929 but they failed. As I said, there was

a chain reaction on shipping and other business. There is a vast difference between the situation today and in 1929 but enough similarity to make us think.

Outside North American markets, wheat is becoming more competitive than for a good many years and purchasers are in a stronger position. Is the wheat board following the example of the Minister of Finance and relying on the hope that all will be well? Are they taking a gamble hoping that they can make the purchaser dance to their tune? Is there in the backs of their minds the feeling that if things turn bad they will be able to deposit the problem on the doorstep of the government?

One thing is certain, that others are suffering. Lake shippers are facing a serious situation and ocean shippers too. Up to a few weeks ago little or no wheat had been booked for shipping via the St. Lawrence this season, something almost unprecedented. Freight ships have left Saint John virtually empty.

I have been talking about trade, notably wheat. I wish now to say a few words about competitive costs, taxation and inflation. We are collecting $1,200 million from corporations by way of income tax. This means $1,200 million added to production costs. It is conceded by every reputable authority that the best way to revive purchasing power is to reduce taxation. Of course, in addition to the taxes on corporations we take approximately $1,200 million income tax from individuals, and there are other taxes direct and indirect. When ministers advise us to cut down costs but can do nothing to assist by reducing taxes it is really preaching to the air. The position in which exporters are going to find themselves, if there is no means of cutting down their costs by tax reduction, may be a very serious situation indeed.

I want to say a word about monetary policy. We have had fifteen years of boom stimulated by the government's financial policy. In 1946 the government feared a recession, and at that time they took action to stimulate when it was proper, but since then they have been trying to eat their cake and have it by stimulating purchasing power and at the same time, as in 1946 and 1947, trying by financial measures to avoid rising prices. This proved largely ineffective, and it is essential to recall that while prices were rising the government was artificially stimulating investment through double depreciation.

Reviewing the intervening years quickly, in 1950 the boom which had existed slackened slightly and there was fear of unemployment. Then came the Korean war which stimulated the boom to still further heights. In the spring of 1951 the government did take steps to curb, but their courage deserted them in 1952 under pressure, and again they abandoned restraining measures. Instead of moderation the government stoked up the boom. The gross national product kept mounting until it was $24·3 billion in 1953, 33 per cent higher than in 1950, and 75 per cent higher than in 1946. Now the rate of expansion has slowed, perhaps to a walk.

In 1952 the gross national product was 7 per cent ahead of 1951. Last year the increase was 5 per cent and this year it is expected to be not more than 3 per cent. We must remember of course that inflation has always been very attractive to the government because it has enabled them to spend more and still have surpluses, but this built-in inflation, as it has been well called, of high taxes will take a lot of readjustment. As I said earlier, anything short of a roaring boom in the mentality which we have developed is going to be hard to live with.

I shall not detain the house longer on inflation, but we should not forget its danger merely because it has been living with us for a long time. Some well-informed people believe that the recent call for redemption of $2 billion of government bonds indicates a new voyage into inflation. The Republican administration in the United States came into power with a great blowing of trumpets pledged to hard money, so-called honest money. Now they have done a right-about-face and with the fear of the November election they are pursuing a soft-money policy. They are trying to give the economy stimulation by cheap money and low interest rates, in other words, another dose of inflation.

I do hope this operation of our finance department is not the signal for us to start in on a debasement of the currency with all that it means in the way of high prices and other unfortunate results. I end, Mr. Speaker, where I began, with a list of the negations of which the budget consists: Nothing done for employment; nothing real done to relieve the taxpayer; nothing done to break the deadlock in wheat; nothing done to indicate any intention of improving the efficiency of government; and nothing done to reassure us that we are not going to have another spate of inflation. It is a dismal recital of hopes, vague optimism and admonitions to others to do things when the government itself seems helpless to do anything. I move, Mr. Speaker, seconded by the hon. member for Dufferin-Simcoe (Mr. Rowe):

That all the words after "that" to the end of the question be deleted and the following substituted therefor:

"this house regrets that the government

(a) has failed to reduce taxes which are an

excessive burden on the Canadian people and place our producers under a severe disadvantage in meeting competition from abroad;

(b) has failed to reduce unnecessary expenditure;

(c) has failed to improve the efficiency of its administration;

(d) ignores the problem of unemployment;

(e) has failed to retain and regain markets for our surplus primary products;

(f) has failed to reach agreement with the provincial governments in regard to a clearly defined reallocation of taxing powers so that the provincial governments and municipal councils may have adequate financial resources to carry out their rapidly-increasing responsibilities."

Mr. M. J. Coldwell (Rosetown-Biggar): Mr. Speaker, I am sure the house will understand if I do not discuss the various suggestions, proposals and criticisms made in the amendment which has just been moved. In his address the hon. member for Greenwood (Mr. Macdonnell) dwelt at some considerable length on some topics with which I would also like to deal at some length, the most notable being the problem of marketing our farm produce and wheat. However, since that is a matter which should be the subject of extended consideration I do not propose to deal with it. I shall leave that to one or more of my colleagues who are familiar with the wheat situation in western Canada. However, I do wish to say something about the budget and the speech the Minister of Finance (Mr. Abbott) made when he introduced his budget.

The minister has, as usual, given an interesting and optimistic review of the Canadian economy and its prospects for the current financial year. Time alone will tell whether his optimism—which my hon. friend calls wishful thinking and I suppose optimism is closely allied to wishful thinking—is justified or not; but I am sure that people generally believe that the outlook is not nearly as rosy or as encouraging as he painted it.

As the minister spoke, more than 500,000 people in Canada were registered as seeking jobs; and on the farms the impact of falling prices has already been felt. The farmers in western Canada, as we have been told, have a vast accumulation of grain, and the marketing prospects are far from bright. Some farmers, including some in my own constituency, had little or no crop in 1952, and the failure to market or make arrangements for advance payments on any part of the 1953 crop, which could not be marketed because of the quota, has caused difficulty and stress.

Taking into account those considerations, I believe the minister is unduly optimistic. He indicated, too, that the gross national product for 1954 will be much the same as in 1953. He appeared to be satisfied with that position. But I would point out that, unless our gross national product increases at a greater rate than our increasing population and in accordance with the technological improvements which are made from time to time, the problem of employment will become increasingly difficult. If the gross national product in 1954 remains at the same level as in 1953, it should be clear that there will be no improvement in the employment situation in Canada next autumn and winter, although activity in the coming spring and the summer should give us some temporary relief.

The budget then, in our opinion, fails to take any decisive action to meet the two problems to which I have referred. They are the two important and urgent problems of maintaining full employment, to which we are committed under the charter of the United Nations, and the improvement in the agricultural industry.

It seems to me that now is the time, when the budget is being introduced, to outline some positive steps to improve these conditions. I believe the minister failed to do this. Budgetary steps should have been taken to increase the purchasing power of the average Canadian so as to enlarge the domestic demand for the larger product which we can produce. That could have been done, Mr. Speaker, in several ways. Among them and coming immediately to mind should have been an increase in the exemptions under the Income Tax Act to those taxpayers in the lower brackets. I am not urging any relief in corporation taxes. With the high rents and high prices for clothing and other commodities which enter into the cost of living, steps should be taken to relieve the small taxpayers of impositions that were placed upon them when the cost of living was appreciably lower. We have urged before and I do so again that exemptions for single persons should be raised to $1,500 and for married couples to $3,000.

The minister, in effect, echoed complaints that the old age security plan was becoming an increasing burden on our budget. These payments are like family allowances and unemployment insurance. They are means of redistributing the national income and maintaining the purchasing power among our people. They are, in effect, insurance premiums against depression and are therefore, in my opinion, legitimate impositions on our people as a whole. One means, of course, of improving the position of the old age security fund would be to remove the ceiling on the two per cent levy which is now limited to a

maximum of $60 per individual taxpayer. The removal of this ceiling would be a step in the direction of levying the contribution according to the ability to pay. I believe that levying according to the ability to pay is the kind of levy that is favoured by most people today.

Then, too, there should have been much more of a reduction in excise and sales taxes. Some excise taxes were reduced but they affect a relatively small number of items and I do not think they will be felt at the level of the consumer. Sales taxes are the most regressive form of taxation. Where they are used in the provinces they are used of necessity to meet social services which, we believe, should be the responsibility of this parliament through a national social security plan, a plan that was proposed by the government in 1945 at the dominion-provincial conference of that year. Sales taxes are a tax on purchasing power and thus not only reduce the ability to buy goods to the amount of the tax, but discourage people from buying in the domestic market upon which we must depend more and more as time passes. This discouragement is felt particularly by the great mass of the people whose purchasing power, individually, is low, but in aggregate, represents the bulk of the buying of consumer goods in this or any other country. Moreover, the new exemptions under the sales tax and excise taxes, reduced or repealed, relate to many articles which may be deemed luxury goods, such as jewelry, diamonds, semi-precious stones, cut glass, and articles of that description.

I should immediately say, however, that I wish to commend the minister in one particular and that is for the exemptions under the sales tax on equipment sold to, or imported by, municipalities, especially designed for road making, fire-fighting and so on. But I regret that this does not include motor trucks, which represent a heavy cost to municipal governments. It is regrettable that household necessities, such as children's clothes and babies' shoes, are still taxed. This emphasizes the point that the tax reductions or exemptions have been made in many instances on the wrong item.

Because of the government's failure to take what I have termed positive action, and which would meet the general economic recession which has manifested itself during the past few months, the pressure has been growing on this parliament to take a negative kind of action. By this I mean that there have been increasing demands for protection through higher tariffs for certain industries which have been feeling the effects of the economic recession.

[Mr. Coldwell.]

I want to say immediately that we of the C.C.F. have often urged general economic policies to meet the needs of the economy generally, but I do not propose to recite them at length today. Most of them were very clearly developed by my colleagues in the recent debate on unemployment. In effect, by refusing to plan actively for full employment and for more stability in agricultural prices, there has been strong pressure for increased tariff protection which, in his budget speech, I am glad to say the minister felt compelled to refuse. I should like to say to him that we in this group stand for the principles of freer trade among the nations. We believe that the welfare of Canada depends not only on intelligent trade relationships providing opportunity for our entry into world markets, but that this opportunity can only be provided to our producers to the extent that we are prepared to accept goods in exchange for the goods that we sell abroad.

I found it difficult to follow the statement of the Minister of Finance (Mr. Abbott) to the effect that the United States has been somewhat at least of a champion of freer trade. Personally, I have not seen any clear evidence of this in their actions, though many speeches have been made by prominent Americans, including the President, seeking to convey that impression. There is an old proverb which says, "Actions speak louder than words". The minister's statement came very soon after the latest breach, on the part of the United States, of the Geneva agreement on tariffs and trade by way of new restrictions on the importation of Canadian barley. I should like to say that I was disappointed, when this matter was drawn to the attention of the house, that the Minister of Trade and Commerce (Mr. Howe) felt that this breach of GATT did not require an emphatic protest from our government. This was particularly the case because it is only the latest in a series of unilateral actions on the part of the United States which emphasizes the uncertainties of United States markets for Canadian produce and goods.

Mr. Abbott: I think my hon. friend meant to say rye, not barley. He said barley.

Mr. Coldwell: That was a slip of the tongue. I meant rye.

Mr. Abbott: That is a much smaller item.

Mr. Coldwell: Yes. I thank the minister for the correction. It is because of this uncertainty that we have been urging the government to endeavour, in a more positive fashion, to encourage trade with nations other than the United States, more particularly, of course, with the United Kingdom and other commonwealth countries.

The budget, I say, made few reductions in what I have called regressive taxes or indeed in any other form of taxation. I have noted before that both the United States and the United Kingdom have outlined some reductions in their defence expenditures. I feel that with the relaxation in world tension we could safely reduce our defence expenditures, as the United States has done, by at least 10 per cent this year. I am sure that our people cannot look happily upon suggestions that it may be necessary to maintain indefinitely that drain upon our national expenditures to the extent of some 43 per cent of the national budget. I want to emphasize once again that the strength of Canada and that of the democratic world rests not so much on a high level of armaments—although again I reiterate that defence expenditures are necessary in the kind of world in which we are living today—but that true defence will lie in the feeling of the mass of the people that the needs of themselves and their families are being adequately met by national policies as far as they affect our national economy.

There are indeed many worth-while social security measures that Canadians themselves must have in order to maintain and improve their standards as a modern, democratic and progressive people. To the extent that we can move in that direction, and indeed assist other peoples in the world to move in the same direction—and I think that is equally important—to that extent can we reduce and finally, we hope, eliminate the present threats of totalitarianism whether of the fascist or communist variety. Let us bear in mind that the threat to freedom in the world is not only from communist sources but from varieties of fascism here and there across the world. Thus, I want to suggest once again that since the new and frightful weapons of war make most types of military equipment for our forces obsolete, we should do everything possible to assist in reaching universal agreements for progressive disarmament and thus to be able to divert a substantial part of our defence appropriations to giving material and—what is perhaps more important—technical aid to underprivileged and underdeveloped peoples and areas everywhere. I want to say that this, in our opinion, is the only sure way of promoting the peaceful progress of mankind.

Among measures that are required to strengthen our own economy and to avert serious distress are not only projects like a national health plan—which I would place at the very top of our requirements in the realm of social security legislation—improvement in family allowances, old age pensions, unemployment benefits, crop insurance and so on, but economic undertakings—because, after all, if we are going to have the kind of social security that we envisage, we must have an economic basis that will carry the social security system—that will bolster the economy in vulnerable areas and increase production to enhance our gross national product. Among these are, of course, projects like the St. Lawrence seaway project and irrigation projects. Among the latter, first and foremost, is the utilization of the waters of our great rivers, particularly those of the South Saskatchewan river.

I am sure hon. members will pardon me if I refer to this particular project for a few moments at this time because, as a matter of fact, my own constituency is both sides of this river and the undertaking of that irrigation project would affect my constituency more than any other one in the province of Saskatchewan. Those of us who, like myself, can remember the years of drought and disaster over large areas of otherwise fertile land on both sides of this river are most anxious to see this project undertaken. I do not propose this afternoon to outline the tortuous statements made in Saskatchewan by supporters of the federal government regarding this project or to discuss the varying estimates of cost that have been produced by the federal government from time to time, it seemed to many of us, to delay the carrying out of this important project. I think this is clearly outlined in the record of correspondence over the years between the federal government and the provincial government of Saskatchewan. I think that an examination of the correspondence and statements indicates that the federal government has been vague and, if I may use the term, somewhat evasive.

I know, of course, that the present government of Saskatchewan has never asked the federal government to subsidize the generation of electric power. It has been clear, I think, that the provincial government has been prepared to contribute to the construction of the dam the same amount of money that it would cost the province to generate the potential power in some other manner. There are two sides to this question but no one, I think, would suggest that the users of power in the province of Saskatchewan should be asked to subsidize an irrigation and water conservation project which is the responsibility, in my opinion, of the federal government and which it has assumed elsewhere. It seems to me that the time has come when, instead of the Minister of Agriculture (Mr. Gardiner)—whom I am glad to see in his seat this afternoon—presenting his

views to the government of Saskatchewan, the Prime Minister (Mr. St. Laurent)—and I am glad to see him here to hear this suggestion—and the federal government should be prepared to state that they are prepared to undertake the project on a fair and equitable basis and, I hope, to undertake it within a very short time. Negotiations have been conducted, it has appeared to me, in the hope that by driving an increasingly hard bargain the provincial government can be forced to reject federal proposals in the hope that blame for any failure to proceed will fall upon the provincial government. The difficulty has been that, even when the Saskatchewan government has been willing to make an agreement along lines suggested by the Minister of Agriculture, he has always been in the position of being able to say that for various reasons the federal government has decided not to proceed with the undertaking at the time.

I think it is unfair to ask one party to carry on negotiations with the knowledge that any firm commitments made by the province are regarded as binding, whereas any commitment which the Minister of Agriculture or his officials may make is done with a clear understanding that the federal government is not yet committed to proceed, even though a satisfactory agreement may be reached by a joint committee of the P.F.R.A., acting on behalf of the federal government, and by representatives of the provincial administration.

As I have said, what is required is a firm statement from the Prime Minister (Mr. St. Laurent) that this government intends to proceed with the dam in the event of a satisfactory agreement being reached between the two governments regarding the divisions of costs. The time has arrived, indeed has long since passed, when the provincial government should not be expected to negotiate on a purely hypothetical basis, not knowing whether they are being merely manoeuvred into rejecting an impossible agreement, and without any assurance that if a satisfactory agreement regarding division of costs is worked out the whole thing may not be rejected in the final stages by the federal government. To those of us who represent constituencies which may become once again stricken by dry years and drought, this project is of primary interest and importance; but more than that it is of fundamental interest to the economy of Canada and to all the people of Canada. I want to emphasize this in view of the tremendous cost of the relief that had to be poured into these areas because of the prolonged drought in the thirties.

[Mr. Coldwell.]

Mention of this dominion-provincial project leads me to comment on the finance minister's forthright statement declining to allow the deduction from federal income taxes of the new 15 per cent personal income tax in Quebec beyond the present limit of 5 per cent. I recognize at once that, under our constitution, a province has the right to impose a direct tax, such as the income tax, if it chooses to do so. But it is equally clear, I believe, that the federal parliament also has a constitutional right in this field. The doctrine that the provinces have priority in the field of direct taxation and that the federal government should, in effect, move over to the extent that the provinces decide, is a dangerous, insidious and false doctrine that could not, under any circumstances I believe, be supported by any member in this house. We must always remember that the people of the provinces are represented in the federal parliament as well as in the provincial legislatures.

We in this group believe in our federal system and want to preserve it. We want to preserve the rights of this parliament. We want to preserve the autonomy of the provinces in the fields in which they are granted complete sovereignty and autonomy. In the past, we had given our support to the federal-provincial tax rental agreements because we believed that they best served the interests of all the people of Canada by assuring all provincial governments of more adequate revenue to administer their provincial programs in their own way and under their own authority, while at the same time assuring the federal government the necessary fiscal powers to develop social security and other policies that will benefit Canadians generally wherever they may live, and tend to spread more adequately the burden of taxation in all parts of Canada.

In saying this and taking issue with the demand of the premier of Quebec, I want to make it very clear that in his activities over the past few years in promoting the fallacious idea that Canada is less a nation than an association of ten sovereign states, with the assumption by the premier of Quebec of the right to pass legislation often incompatible with the fundamental democratic rights of Canadian citizens, he has merely carried forward the type of propaganda used for many years by the Liberal party in Quebec to further its own political interests. In other words, in my view, to some extent these are chickens coming home to roost. I do not propose to elaborate upon this to any extent at the moment, but the pages of *Hansard* as well as the public press will vindicate the view I have just expressed.

In the recent past the federal government neglected to protect Canadian civil rights when the padlock law was passed, and most recently when the freedom of worship act was amended by the Quebec legislature. I know this act was directed against a sect with whose teachings and with whose type of propaganda I have no sympathy whatever, but that legislation could be used to curtail other religious rights and freedoms of other religious denominations and minorities in Quebec. I want to emphasize that throughout the years the propaganda of the Liberal party, both provincial and national, prepared the groundwork for this ultra-nationalism and the claims of Mr. Duplessis. The Liberal party of Canada, I repeat, as well as the Liberal party of Quebec, must bear the grave responsibility for paving the way for what is today an attack, and a very threatening and insidious attack, on Canadian unity and our general national welfare.

Let me say again that we believe in the federal system. We desire to see all the provinces of Canada able to carry out their constitutional functions without interference by this federal parliament. We believe that, in order to achieve this purpose, the tax rental agreements are of primary importance and concern to the welfare and autonomy of the provinces of Canada, particularly of the less favoured provinces. Let me say, however, to the federal government that it must not forget its own proposals to the dominion-provincial conference on reconstruction in 1945, which included more than these fiscal arrangements. The terms on which the federal government asked the provinces to release certain tax fields, including that of personal income tax, which incidentally some of them including Quebec and Ontario had only begun to enter, comprised not only rental payments but undertakings by the federal government to do things that would ease the financial burdens of the provinces. I believe Quebec did not impose a personal income tax until 1939, and then had it in effect for only two years.

Among these proposals was complete responsibility for adequate old age pensions at the age of 70 without a means test, and half the cost of old age assistance for persons between 65 and 69. No one will argue today that $40 per month is adequate. There was, too, the proposal to assume full responsibility for assistance to the employable unemployed. Most important of all, there was the proposal to introduce a national system of health insurance to give complete health coverage to the people of Canada. On the economic side the federal authority proposed a public investment policy to compensate for fluctuations in private investment and to maintain full employment.

In the past the government has replied, when these proposals were brought to its attention, that they could not be proceeded with until the taxation agreements were generally accepted. Now, there is only one province remaining without a tax rental agreement, and there is surely no longer any excuse for delaying the implementation of its own proposals made to the provinces in 1945. Incidentally, these proposals followed a long series of discussions, all of which are outlined for those who would read in the voluminous reports of the Rowell-Sirois commission, reports which, when they were presented, we believed would form the basis for better relationships and found better conditions for, not only the provinces but for all the people of Canada who live in the various provinces.

And this reminds me of at least one other respect in which the federal government is to blame for this new issue between the premier of Quebec and the federal parliament. Since 1950 meetings between representatives of the federal and provincial governments on matters connected with tax rental agreements have been adjourned, or as I recollect, on the understanding that there would be a permanent committee under the chairmanship of the Minister of Justice (Mr. Garson).

Mr. Abbott: Not on the tax rental agreement; on the constitutional matter.

Mr. Coldwell: I am relying on my memory completely in that regard. But, in any event, there have been no further discussions of the type which, I think, should have been held over the last number of years.

And of course I immediately say that I think before the legislation was introduced into the legislature of the province of Quebec, the premier of Quebec should have endeavoured to have some discussions with the federal government of Canada regarding the proposed legislation and the problems which might arise out of it.

But, I think too, that blame can be placed upon the federal government for not convening conferences from time to time, when difficulties have been envisaged by the provinces or the dominion, to see whether these matters could be straightened out by negotiation and discussion.

Therefore to that extent I agree with my hon. friend from Greenwood when he criticizes the government. And I believe there

is a clause in his amendment—although I did not have time to read it carefully, because I had to rise immediately upon his taking his seat—which puts into words just what I have in mind. These words are:

—has failed to reach agreement with the provincial governments in regard to a clearly defined reallocation of taxing powers so that the provincial governments and municipal councils may have adequate financial resources to carry out their rapidly-increasing responsibilities.

Mr. Abbott: Are you in favour of "a clearly defined reallocation of taxing powers"?

Mr. Coldwell: I shall have something to say about that. When that was moved I heard someone say, "You voted for that in 1950".

Mr. Knowles: 1952.

Mr. Coldwell: Well, I was not here at the time, but I think my colleagues did vote for a similar resolution. But I want to say this, that words placed on the record in one setting often have a very different connotation and different meaning when they are placed on the record in another setting. I would say that I would want to go into the meaning of this more fully than I am able to go into it this afternoon before I would decide that I would vote for the wording of it. But I did suggest that we might try to amend it, and I think possibly I can move an amendment that will help.

Therefore I move, seconded by the hon. member for Vancouver-Kingsway (Mr. MacInnis):

That the amendment be amended by inserting in paragraph (f) thereof, immediately after the words "has failed", the following words:

"to reconvene the dominion-provincial conference from time to time so that an effort might have been made";

and also by adding at the end thereof the following additional paragraph:

"(g) has failed to make provision for raising the income tax exemption levels to $1,500 for a single person and $3,000 for a married person, together with increases in the income tax rates in the higher brackets, and an increase in corporation taxes."

Perhaps I would make it more intelligible if I were to read it, in the form in which we suggest it should be. The effect of my subamendment is to alter paragraph (f) as moved by the hon. member for Greenwood so that it would read as follows:

this house regrets that the government... (f) has failed to reconvene the dominion-provincial conference from time to time so that an effort might have been made to reach agreement with the provincial governments in regard to a clearly defined reallocation of taxing powers so that the provincial governments and municipal councils may have adequate financial resources to carry out their rapidly-increasing responsibilities.

[Mr. Coldwell.]

That, as a matter of fact, differs quite markedly from the paragraph in the amendment moved by the hon. member for Greenwood. I think anyone reading it will see the difference at once. Then, in addition, the subamendment adds a new paragraph, which I have already read, calling for the raising of the income tax exemption levels together with an increase of income tax rates in the higher brackets and an increase in corporation taxes.

In other words, what this amendment does is to change the meaning of the words by placing them in a different setting, just as in 1952 when similar words were moved on the address—not on the budget—they were in an entirely different setting.

And now I must come to a conclusion. There are some things the minister could have done with relatively slight reduction in prospective expenditures. Chief among them might have been the elimination of the floor under medical expenses. With soaring costs of hospitalization, relief in this field is badly needed, pending the adoption of a comprehensive national health plan to include all Canadians.

These are, then, some of the main criticisms I wish to make on behalf of my colleagues and myself. I do not have unlimited time; therefore time does not permit me to deal with other phases of our economy and budgetary policies which deserve closer study and more consideration than I have been able to give them when addressing the house this afternoon.

These, and indeed the necessarily brief criticism of the points I have mentioned, will be discussed and elaborated by other members of the party who will participate in this debate within the next few days.

However once again, before I take my seat, I wish to express the disappointment many of us feel that the burden which has remained on the great masses of the people continues to remain there, and that when relief is given, often it is not given in those places which would be most desirable from that point of view.

The hon. member for Greenwood referred to the inflation that has taken place in the past few years. Our people have suffered from that inflationary process. We argued at the time that there were methods we could use to control inflation. However we have seen inflation come and the earnings of our people almost cut in half because of the rapid increase in the cost of living. This has had a most disastrous effect on people receiving pensions or other small incomes of various types.

And so, Mr. Speaker, these are some of the criticisms we want to place before the house. As I have said, my colleagues will elaborate on some of the points and offer further criticism, particularly on the point mentioned at the close of the speech by the hon. member for Greenwood, namely the wheat situation, and the general position in the matter of agriculture at the present time.

Mr. Solon E. Low (Peace River): Mr. Speaker, I imagine hon. members will understand if I fail to take time today to give consideration to the amendment and subamendment which have been moved this afternoon. The amendment itself is long and involved, and I should like to have time to give it consideration. I would also like to take plenty of time to give consideration to the way in which the amendment has been modified as the result of the subamendment just moved by the hon. member for Rosetown-Biggar (Mr. Coldwell).

The leaders of the smaller groups on this side of the house, as was just said, do not have unlimited time and for that reason we have to be more selective in the things about which we speak in the budget debate. If I do fail this afternoon to mention any of these which are considered to be of first-line importance it will not be because I do not attach importance to them, but simply because I have not time to deal with them and other things as well. However, there will be several speakers in the debate from our group, and we shall try to deal with all of these things that touch the lives of the people in the country, and upon which it will be necessary for us to make a pronouncement.

My hon. friend, the Minister of Finance (Mr. Abbott), has presented what he says is his last budget. Such an occasion calls for some things to be said that might not be said in the course of an ordinary budget debate. The minister's qualities, his affability, his engaging personality, his cordiality at all times have won for him I think a sure place in the affection of hon. members and of the people of Canada. So long as budgets of this kind are going to be presented to parliament, there is no one I would rather see present them. May I add that no one but the Minister of Finance could get away with such a budget as this one with less resistance.

The high regard that I have for the minister but sharpened the keen regret that I felt on Tuesday evening last as he made his presentation in his usually effective way and very jaunty style, that provision after provision of his budget made it clear to me that he missed a golden opportunity to present a budget which would have been a departure from the ball and chain budgets of the past, because that is what they have been; and especially is it a matter of regret at this hour when the scourge of unemployment has again descended on Canada, and has already taken heavy toll in too many of our Canadian communities. This is an hour in Canadian history when even though they are employed the breadwinners in so many homes are experiencing hardship and privation and are having a very difficult time to make their take-home pay cover bloated costs and overgrown living expenses. At this hour, the minister could have brought down a budget that could have dispelled the ugly threat and at the same time made possible a decent standard of living in every Canadian home.

Moreover, Mr. Speaker, the message of his budget could have been a ringing assurance to the people of Canada that the maintenance of that decent standard of living that I just mentioned would be secure. If that had been the case, the minister's last budget would have been an historic one and would have brought him fame and the abiding satisfaction that always comes to one when he renders a real service to the millions of his fellow citizens. Instead of a message of real assurance and hope, what did the minister give to the people last Tuesday? Well, clearly his message was this: "If you have tears, prepare to shed them now. But if weeping over my nine previous budgets has drained you of tears, I have arranged to lower the tariffs on tear gas to help you find some tears of crocodile size for this, my tenth effort. My generosity, fellow Canadians, overcomes me. Come, let us weep together." That is just about the message of last Tuesday's budget.

I say this with deep regret: The minister, unless he is ready at the eleventh hour to accept the suggestions of changes, has missed his great opportunity in the same way as the Hon. Mr. Dunning missed a similar opportunity under similar although more pronounced circumstances in 1929 and again in 1936, and as the Hon. Mr. Bennett did in 1931.

Hansard records a famous speech made in this house many years ago by an illustrious Canadian, Sir Wilfrid Laurier. On this particular occasion Sir Wilfrid Laurier indulged in this effective oratorical declaration: "Canada needs three things: The first is transportation; the second is transportation; and the third is transportation." Transportation was Canada's greatest need in Sir Wilfrid Laurier's day. We have made progress since

then in providing this country with transportation, although I feel sure that if Sir Wilfrid had been at the helm between the two wars and since world war II especially, the trans-Canada highway would long ago have been completed. We do not need transportation so badly as we did in his day, but we still need transportation in some parts of the country. But if Sir Wilfrid Laurier were here today he probably would say, to meet the challenge of this hour: "Canada needs three things: The first is markets; the second is markets and the third is markets."

Our home market is the best market we have. It could be a much better one, much better than it is if we followed the right financial and budgetary principles to make it so. For the optimum development of that home market we do need transportation of a form, not the kind of transportation about which Sir Wilfrid Laurier spoke but the widespread distribution amongst the Canadian people of that medium which transports goods over the counter from the merchants' shelves to the consumers who need and want them; or, in the case of durable goods, from the warehouses to the farms or the factory. What Canada needs most right now is a home market well supplied with a properly adjusted, continuous flow of purchasing power that will permit our people to buy and use all they want of what we can and do produce.

The government claims that we have prosperity in Canada, and it claims credit for bringing that prosperity. I spoke a moment ago about Sir Wilfrid Laurier, but he described in his speeches a potential prosperity for Canada by reference to vast undeveloped resources, as they were then. Well, these still exist in spectacular abundance in Canada. We have today a tremendous flow of goods and services provided by the developed resources of this nation. Those goods are in the form of food, clothing and articles that are useful, and they take the drudgery out of life in the home and on the farm; services such as electricity, transportation, hospitalization and so on exist, and these can be made to exist in ever-increasing quantities at levels sufficient to bring a great degree of comfort to every last citizen in our country. But, Mr. Speaker, so many thousands of our own people are not enjoying that prosperity for the simple reason that it has not been brought within their reach through wise financial, economic and monetary means.

Sir Wilfrid Laurier, the statesman about whom I was just speaking, said at one time: "I will give you a prosperity you can feel in your pockets." Mr. Speaker, Canada needs that kind of prosperity in this hour, and needs it desperately.

[Mr. Low.]

When our home market has been provided for as it ought to be there will of course be surpluses of many kinds of production which will be important to other nations. Right now foodstuffs are in the greatest surplus in Canada, and they are our most pressing problem so far as external markets are concerned. This government has relied too heavily on the United States market and has failed miserably to cultivate the United Kingdom market in the post-war period with the result that, on the one hand, frequently we are either politely asked by our American neighbours to keep our oats, barley, beef or cheese at home or find ourselves facing embargoes or tariff barriers set up to keep these products out of the United States or, on the other hand, we stand idly by and watch our best traditional market, certainly our present best potential market, filled from behind the iron curtain.

The consequence is that Canadian farmers and food producers have to sit on piles of surpluses and worry about finances, how they are going to keep the sheriff off their trail and how they are going to keep the merchant and the machine dealer satisfied and in business, not to mention worry about what the future holds for them. I am not complaining for one moment about the surpluses of wheat and other cereals that we have carried over these past two years. We have been especially blessed by Divine Providence with abundant crops. But it is not at all comforting to the farmers in very many communities of this country to have to face the prospect of having wheat and water three meals a day all winter long because their merchant has gone out of business or has exhausted his credit-giving power, and at the same time suffer the harassing experience of pressured machine and supply dealers dogging their footsteps day in and day out because they too face the prospect of bankruptcy since collections are slow and have made it impossible for them to satisfy their creditors.

Canada failed her basic food producers last winter and indirectly made it impossible for them to satisfy their creditors. Canada failed her basic food producers and the merchants in many of her communities last winter by allowing business to slump and unemployment to appear. But that is an old story now because we have always failed our basic producers as we did during the last war and since; after we had held out high hopes to them all during the war if they would sacrifice for the duration.

I am not drawing an exaggerated picture of the situation at all. That which I have given is an accurate portrayal of literally hundreds of medium-sized and smaller Canadian communities. I can name any number of them in my own constituency. Markets, markets, markets at prices that are fair and equitable are the greatest need! The failure to find and provide these markets is creating many discouraged basic producers. One discerns a growing spirit among farmers and ranchers especially that says to the rest of the world: Well, under the circumstances we will turn largely to subsistence farming and provide ourselves and our families with the best variety of things that we can and let the rest of you do likewise or go hang. They are not to be blamed for feeling that way, but it is unfortunate that it should be so at a time when the world need for food is so great, when the actual need of even many Canadians is so great. This is no time, I say, for discouragement to food producers.

Here is something that has caused me to pause and think pretty hard about the situation and the trends. Since 1939 Canada's population exclusive of Newfoundland—I could not obtain figures which included Newfoundland—has increased 28 per cent. Income per person in Canada has increased nearly 219 per cent. Prices have also increased so that the purchasing value of the dollar has declined to a low of about 53 cents. At the present rate of population growth in our country the demand for food will probably increase by about 4 per cent per year. What I am wondering about, and what a good many people likely will begin to wonder about, is whether farm production will keep pace with the growing needs.

The average yearly increase in food production from 1920 to 1948, the last year for which I could get average figures, was 2½ per cent. If that continues to be the average for the years ahead then there will be a net decrease in surplus foods each year of about 1½ per cent. Therefore it would only take about 14 years more of continuous population increases and continued normal 2½ per cent increases in food production to wipe out any surpluses we might have.

But if we continue to allow unnecessary and constant discouragements to dog our farmers and food producers, the trend of course will be materially accelerated with the result that a world that is very short of food at the present time will become very much shorter. This is the hour for encouragements of every kind for farmers and basic producers rather than discouragements.

Let us not forget these things. The reservoir of Canadian production is full and can be refilled again and again in continuous succession through the proper development and use of our resources. Of course, it goes without saying that if all outlets were recklessly thrown open, such as we might find with uncontrolled reckless expenditure and needless waste and extravagance by government, then of course the reservoir would be emptied faster than it could be replenished.

But in the actual situation as it exists today, the policy of the government is now, and the effect of the budget that is before us will be to close many of the outlets and so clutter up and clog the stream of the remaining outlets that the normal flow will be impaired. Goods and services will not be able to get to the people who want them. In such circumstances the reservoir overflows and the labour and the skills that have kept it full will in some measure be halted. Indeed, they already have been. Consequently unemployment follows and in its wake a whole series of disabling economic situations.

It is not my desire to paint an exaggerated or gloomy picture nor to detract in any way from the credit that is due the government for any good things they have done. But I consider it my duty to try, if I possibly can, to shake the government out of its complacency and put the spotlight on some of the real problems that we face. What is the background against which the budget must be considered. If we did not measure it against the actual background this budget might appear to be a pretty sensible and courageous one, but when it is put into sharp focus with the national and international background it looks very different.

In the first place, Canada's responsibility in a desperately worried and dangerous world is to be as strong as we possibly can and as free from economic booby traps as we can make ourselves. All of us must be ready to make what sacrifices are required so that we can negotiate from real and not imagined strength and play our full part in collective action to prevent further communist encroachments in other parts of the world, while at the same time taking sensible and balanced action to stop the spread of communism and its infiltration into strategic places here at home.

I should like to digress here for a moment to say to the government that in my judgment there is a pressing need in Canada for an efficient and effective information service to provide the leaders of this nation with the true facts of the internal situation. There should be some group of well-balanced, intensely loyal people of discernment and

unchallengeable integrity to work in close association with the R.C.M.P. and other sources of information to sort out and establish the facts and to make them known, as far as it is possible within the limits of security considerations, to the government and to members of parliament.

As it is now, it is extremely difficult to establish the facts of our present internal situation from a security point of view; and when any interested and thoroughly awakened individual tries to do a job of gathering information, assessing it, and then warning the people, it seems that it does not take very long for pretty strong forces to be stirred up against him to discredit him and his work. It would be the purpose of the communists to discredit every individual who might try to bring home to the Canadian people an awareness of any danger which we are in, but an information service of the kind I have mentioned would not be subject to the same disabilities. I think it could do a very necessary and pressing job.

I am convinced that the Canadian people generally do not have an awareness of the real dangers besetting them. Far removed from the present scenes of trouble stirred up by communist imperialists in every part of the world, communist imperialists who are determined and quite sure they are going to consummate their designs to take over the world and remake it to suit themselves, we Canadians are pretty apathetic as a general rule and our attention is easily diverted by hysteria and whipped up over such things as "McCarthyism" and a lot of other "isms", so that we lose sight of the real problems we face. But to get back to the point I was making, Canadians, and above all the government, must be sure Canada is strong and secure.

To be able to do that we will have to keep Canadian business and economic activity high, as high as those means which are open to a government to take in a free society can keep them. Every time we allow unemployment to develop on any appreciable scale beyond the seasonal variations we play right into communist hands and we see the number of communist party members increasing. There has been a considerable increase during the past seven or eight months, I am told on reliable authority, and that is largely as a consequence of the more than serious unemployment that developed since last fall. If the government had been fully aware of the situation they would have taken remedial action long before this. If the Minister of Finance had for a moment put himself in the position of the unemployed head of a Canadian family he would not have brought down the kind of budget he did. It may be too late for the minister to do so, but he should still imagine himself in the position of the head of a family, and without a job and take-home pay.

For that reason I would like to quote a letter which appeared in the February 22 issue of the Toronto *Globe and Mail*. I have no hesitation, Mr. Speaker, in quoting this because it is short and because it was written by a responsible secretary of an association of social workers who get right down among the people and see them in their homes. This is the letter, and I quote:

> The executive committee of the Canadian Association of Social Workers, representing over 400 men and women giving service to families and children through various social welfare organizations in greater Toronto, is deeply concerned about the situation facing many families whose breadwinner is now unemployed and for whom there are no unemployment benefits or whose period of benefit has expired.
>
> At the present time there is no assistance available from any official source for such families, the city of Toronto having provision only for unemployables and federal and provincial authorities not having organized in any way to meet this widespread need.
>
> Last year, after more careful study by the Canadian Welfare Council and its membership across Canada, representations were made to the government at Ottawa and to all provincial governments regarding the urgent necessity of having some overall and permanent provision made to meet the situation and avoid the destitution and disruption of normal family living which today faces many families through no fault of their own. As far as can be observed, nothing has been done to make effective the recommendations made in this report or to evolve any satisfactory alternatives. Unemployment of able-bodied employable people who need and want work is a national problem which strikes at the very roots of family life and causes untold suffering.
>
> We feel that all citizens should be fully aware of this situation and should do all in their power to urge upon the federal and provincial governments to appropriate funds for the suitable relieving of need, and upon the municipal government to extend its relief program pending the availability of government resources for this purpose.
>
> Many people today in Toronto are actually suffering from hunger because of unemployment due not only to seasonal interruptions but to closing down or reduction in many industries.

The letter is signed by Miss Betty Quiggin, corresponding secretary of the association which I have named. What Miss Quiggin reports about Toronto has undoubtedly been true of many other Canadian cities for quite a number of months now.

With that picture in mind let me refer to an incident which involved one of the most capable and intelligent ministers of this government. In the *Globe and Mail* of February 11 last there appears a report of what took place when a labour deputation came to Ottawa and made six recommendations to the Minister of Trade and Commerce (Mr. Howe). The minister at that time insisted

that the backlog of demand for farm implements had been filled, and therefore the production of them must be reduced; and that members of the labour unions involved must seek other jobs.

Now, listen to this, and I quote from the *Globe and Mail* report of February 11 last:

> The brief, which was a joint presentation of the United Auto Workers Union and the United Steel Workers, both C.C.L.-C.I.O. affiliates, said it was incorrect to state that the decline resulted from farmers being adequately supplied with implements. The 1951 census revealed that for every 100 farms in Canada, there were only 64 tractors, 53 passenger cars, 31 trucks, 29 gasoline engines and 32 electric motors. The problem, said the brief, was that many farmers were financially unable to buy equipment.

I think it must be abundantly clear that the real answer is to be found in that quotation from the article in the *Globe and Mail*. That article reveals the answer to the question of how to solve the problem of the hour, not only for the farm implement industry, but the whole unsolved problem of distribution in a situation where the problem of production has been completely solved. The answer is simply: Make the consumer or user financially able to buy, and he will do the job of keeping our economy in balance and unemployment at the irreducible minimum. That is the solution and the only effective solution.

That news item to which I referred gave the capable and intelligent Minister of Trade and Commerce credit for this statement:

> It was no longer the case that everything and anything produced could be sold.

In that single sentence the Minister of Trade and Commerce put his finger on the frame of mind which is responsible for the iniquities in this budget and which have been in every budget presented to this house since 1929. Not only the iniquities it contains but the benevolences which it also contains. Any useful and every useful thing which can be produced could be sold. The only reason they are not all sold is that those who need and want them have not the money with which to buy them. The medium which transports them over the counter or out of the warehouse is not available to so many of the people of this country so that they cannot make use of these things which are produced for them.

In the commercial letter put out by the Canadian Bank of Commerce dated February 19, 1954, there is to be found this short but potent paragraph:

> The task ahead, and this applies to every segment of the economy, is to maintain economic activity at current levels. Above all else, it would seem essential, in this regard, that increasing attention be given to the consumption side of the equation.

There, Mr. Speaker, you have it in a nutshell from a bank which is doing big business in this country and which has its finger on the pulse of the economic situation. The problem before us, therefore, seems to be as clear as day. Now, if ever, business must be kept steady and as free as possible from heavy jumps and declines. Certainly we would be utterly stupid to allow a depression to come upon us, or even a serious recession. I remind hon. members that our enemies will be impressed with our economic strength and the well-being of our people just as much as they will be impressed by our defensive military strength. They will become proportionately more bold and determined if they see unemployment grow or even continue at the level which has existed in this country over the past several months.

From the minister's speech of last Tuesday I note that he forecasts an upturn in the last six months of 1954 in Canada. He bases his hopes, to some degree at least, upon the improved situation in the United States. At least, he mentioned that as one of the reasons that he had for the forecast. As a consequence of his faith in the future, the minister in this present budget made very infinitesimal provision to take care of the present situation. I must be extremely critical of the failure of the government to take action on unemployment, not only just now but weeks ago when it became apparent that it was growing beyond the seasonal limit.

I think that the minister and the government are to be criticized for taking the position that simply because there appears to be some chance of a favourable upturn in the economic situation in the United States, our own trends will follow suit later this year. It seems to me the minister fails to bear in mind that the favourable turn in the United States came about as a consequence of deliberate and well-planned governmental action. They did not stand pat in the hope that everything would turn out all right in their country. The government got busy and made tax concessions to the people. They prepared to spend more money, to make credit easier to the public, to push housing and a number of other things deliberately chosen to stimulate employment and to keep activity at a healthy level. But, by contrast, the government of Canada decided to stand pat and to let things take their own sweet course back to something like a favourable level.

Let us just suppose for one moment that the minister's hopes for the last six months of 1954 do not materialize. Then what? That is the question. Certainly it is clear that this

budget makes no provision whatsoever to meet such a situation as that; not for a moment. This budget is definitely not the kind of budget that Canada needs at the present time. I say that the provisions of this budget would be woefully inadequate to meet the situation in Canada at the end of the first six months of this year if the expected upturn does not materialize.

The minister in his budget should have provided for whatever eventuality might arise later in this year, particularly in view of the facts as they are at the present time. The budget that we are now considering should have been one which provided for quick encouragement of increased consumer purchases. It should have been one providing for encouragement of increased production in many lines in order to keep up employment. It should have been one to provide for the use of a money mechanism which would get purchasing power into the hands of the ultimate consumers quickly and directly so that, by their effective demand, they could bring and keep the balance at or near the point of equilibrium.

More specifically, Mr. Speaker, this budget should have provided for a much greater reduction of taxation than it provides for. We are all grateful, of course, for the small things which the Minister of Finance did for the people by way of tax relief but I feel, as does my friend the hon. member for Rosetown-Biggar, that in so much of the field that was covered by the very small reductions which the minister brought in the ultimate consumer will not feel the effects. He is the one who needs the help in this country. He is the only one who can correct the situation by his effective demand.

The municipalities are going to feel happy about the removal of the sales tax on road-building equipment, but I am going to say this: The school divisions and districts of this country will not share that happiness because the same tax was not removed from their purchases of school buses to carry the children to school. They look upon the sale tax on buses as a means used by the federal government to make the school districts collectors of taxes for them from the farmers and other ratepayers in the districts, as it really is. It is simply a method used by the federal government to have the school districts collect for the federal government taxes that the average ratepayer in the school districts does not understand and cannot see.

Canadian housewives, of course, will be thankful for the removal of the excise tax on some items and its reduction on others; but they will never reconcile themselves to a situation where they have to pay a very substantial price differential over what their opposite numbers pay for the same thing down across the line in the United States. One could refer to cottons, electrical goods, dress goods and so on. Another good example is this. An American can buy a Chevrolet standard model automobile just across the line from Oshawa for from $500 to $700 less than Canadians can buy the same car. On the purchase of such an automobile in Canada the purchaser pays to the federal government over $500 in sales and excise taxes alone. We impose a 10 per cent sales tax and a 15 per cent excise tax at the manufacturer's level, but the United States has had the good sense to refrain from that practice over the years.

The price differential between Canada and the United States on many items our people want to buy is striking. Cottons, electrical goods—which I have already mentioned—heavy hardware and automobiles are just a few examples. The differential has arisen quite largely as a result of the difference in taxation on commodities between the two countries. The result is that many thousands of Canadians who can afford to do so have been making regular shopping tours into the United States in order to bring back their legal quota of tariff-free purchases. I wonder whether the minister has ever thought of this fact: If just half of Canada's population were to spend only half of their customs-free allowance in the United States each year, $1,200 million of Canadian money would be spent across the line each year for things that are lower in price there than they are here. That is just another reason why the price differential should not be allowed to become great enough to encourage mass movement on shopping tours down into the United States. Imagine what $1,200 million extra spent in Canada would do for business and employment in this country!

The minister should have announced in this budget the abolition of that part of the sales tax which is not earmarked for old age pensions or, in the alternative, should have provided himself with the authority to abolish it if the expected upturn in economic activity and outlook does not materialize during the last six months of this year.

The sales tax imposed at the manufacturers level is a pyramiding tax, very largely responsible for many of the heavy price differences between Canada and the United States. It is the poor man's income tax. It puts some Canadian producers into a handicapped competitive position as far as trade is concerned and helps to clutter up trade.

For these and many other reasons which I could offer but which I have not time to deal with today, I say the sales tax should be abolished. This was the budget that should have provided for its abolition. This is a time of readjustment when many businesses are at or near the boom peak. To make the adjustments that are necessary, prices have got to come down enough to put Canadian businesses into a position to compete in a world of trade where competition has again become very keen.

Tax reductions of the magnitude I have suggested would stimulate industrial activity and reduce unemployment. Moreover, while the minister fears that he would not be able to replace the lost revenue I am convinced that by reducing the tax burden as I have suggested he would bring down prices in Canada. With lower prices, our people would buy more, and so stimulate business from the retail level on back to the primary producer. More people would be put to work and unemployment would cease to bedevil many parts of Canada. Not only that, but I say that the minister's tax base would also be preserved so that his actual loss of revenue would be small, if any.

In conclusion, Mr. Speaker, as I see that my time is about up, may I say this. Coupled with the type of tax reductions that I have suggested, the present and foreseeable future situation calls for an all-out housing drive. What I say is that you are not going to be successful in that housing drive unless interest rates on long-term mortgage loans are brought somewhat lower, and unless money at quite low interest rates is made available to municipalities and limited dividend corporations for low income housing projects.

Every effort should be made to push the completion of the trans-Canada highway and to provide for federal participation in a highway system for Canada. Work on the St. Lawrence seaway and various developmental schemes should be pushed ahead as fast as possible.

Finally, the minister while this budget is before the house ought to provide himself with a monetary mechanism that will make it possible to inject purchasing power directly from its birthplace into the hands of ultimate consumers so that they can quickly convert it into effective demand, and thus exert a stimulating influence on declining business activity. The production is already in existence, and as much more as we want can be brought into existence. The need for old age pension increases, war veterans allowance increases, and blind pension adjustments is very great. We have every material requirement to fill these needs and make these people in these brackets to which I have referred happy, except the financial means. We in this group strongly urge the use of the Bank of Canada to provide all the new money that is required at cost. This would be one step at least towards emancipating our people from the Frankenstein which we have allowed to grow up in our midst, and which threatens to destroy all freedom.

If we fail, Mr. Speaker, at this hour to provide the purchasing power to enable every Canadian to enjoy the material things our country is producing and can produce, we will be letting our people down and endangering the security of our country.

Mr. W. L. Houck (Niagara Falls): As this is the first time I have availed myself of the opportunity to speak since becoming a member of this house, I should like to follow the time-honoured custom of congratulating the Speaker and you, Mr. Deputy Speaker, upon your appointments to these high offices. I am not saying it in a boastful attitude whatever, but I have had the privilege and honour of serving under quite a few Speakers in the Ontario legislature, and I should like to say to Mr. Speaker and to you, Mr. Deputy Speaker, that although many verbal bouquets have been thrown to both of you—yes, almost reaching the point of orchids—I want to say that you are by far the two best looking Speakers under whom I have ever had the privilege of serving.

When I first arrived in this house I felt rather at home because of the fact the Leader of the Opposition (Mr. Drew) served with me for some six or seven years in the Ontario legislature. I had the privilege also of sitting alongside the hon. member for Spadina (Mr. Croll); the hon. member for Trinity (Mr. Conacher) and the hon. member for Cochrane (Mr. Habel), so I really felt at home.

I have listened with a lot of amusement to the various speakers talking about their various ridings. I presume that this debate, along with the debate on the address in reply to the speech from the throne, does serve a useful purpose because of the fact a member has to say something about the importance of his riding. This afternoon I find myself in a rather peculiar position. I do not have to say anything about Niagara Falls. The whole world knows about Niagara Falls. I doubt if any city in Ontario or in the whole Dominion of Canada gets more free advertising over radio and television than does Niagara Falls. Yesterday afternoon I was rather interested in listening to Gracie Fields during her excellent program

on television refer to the fact that she had spent her honeymoon at Niagara Falls. That city is known as the outstanding honeymoon centre of the world, Mr. Speaker. Then, too, we have the rather doubtful honour that quite a few come back later on to commit suicide.

I do want to say that we in Niagara Falls are not jealous or selfish in any respect. We want to share it with the rest of the world. I am sure I could say to the hon. member for Spadina, whose home is in Toronto, that if he happened to be abroad in any foreign country and a small child came up to him and asked, "Where are you from?", when he replied "From Toronto", that child would immediately say "How far is that from Niagara Falls?", in order to know just where the hon. member did come from. In fact, we are so beautiful at Niagara Falls and so well known throughout the world that I had a dream the other night. My dream went something like this. I had gone up the steps to St. Peter, if a politician ever gets up the steps to St. Peter, and St. Peter said, "Where did you live?" I said, "Niagara Falls." He said, "That is a beautiful place, I do not think you are going to like it up here."

Speaking in a more serious vein, Mr. Speaker, we in Niagara Falls are exceptionally proud of our splendid relationships with our brothers and sisters directly across the Niagara river. I suggest that we provide a wonderful example to the rest of the world of those things called democracy or free enterprise. In the vicinity of the border line we do not merely give lip service to that thing we call democracy, but we actually live it. We have now lived for almost a hundred and forty years in peace and harmony with our good neighbours to the south of us. The rainbow arch, which is visible most of the day, is indeed a symbol of the peace and friendship between two great countries and two great friends.

I know that during the course of the next few weeks we are going to hear some criticisms of the budget. Perhaps some other remarks will be made from a jealous and selfish point of view, but I think all hon. members agree with me that the Minister of Finance (Mr. Abbott) has brought down a very fine budget. I must say that we in Canada have been fortunate indeed, regardless of our political stripe, in having had very fine ministers of finance. I believe, however, that the name of our present minister, the Hon. Douglas Abbott, will go down in history as one of the finest ministers of finance we have ever been privileged to have.

[Mr. Houck.]

There are a few comments I should like to make, pertaining to the St. Lawrence and to hydro, both of which are near and dear to my heart because I come from a hydro riding. I believe, Mr. Speaker, there are always occasions in one's life which stand out. One such occasion that I recall most vividly was nineteen years ago when I had the honour of moving the address in reply to the speech from the throne in the Ontario legislature. I am sure that my speech today will be another occasion that I shall remember for many years.

I should like to deal with a subject of great importance, not only to the welfare, economy and future prosperity of Ontario but to this great Dominion of Canada. In my opinion, Mr. Speaker, and I am sure it is shared by other hon. members, the signing of the agreement between the government of Ontario and the dominion government at Ottawa on December 3, 1951, marked an historic milestone in bringing the St. Lawrence seaway and power project closer to realization than it has been at any time in the long history of negotiations on this vital development. Under the terms of that agreement the Ontario government entered into a contract with the dominion government authorizing the Ontario government to develop the Canadian power rights of the international section of the St. Lawrence river with an appropriate authority in the United States.

Now, in my opinion, Mr. Speaker, that agreement was not only historic but it was significant for a number of reasons. First of all it revealed very clearly that the St. Lawrence seaway and power project is an undertaking which men of action, regardless of their political views, recognize as being vital to the future progress of Ontario and Canada and of fundamental importance to the welfare of the people of this province and to the Canadian people in general. The St. Lawrence project is therefore one which transcends political considerations. It points up the fact that the public men who have been working untiringly to make it a reality are Canadians first, regardless of their political affiliations.

The subject of harnessing the power of the St. Lawrence has been the subject of negotiation between Canada, Ontario, the United States and the state of New York for over half a century. To the average citizen of Ontario and Canada the St. Lawrence power project is a mammoth undertaking that has seemed to appear and disappear from our field of notice always without finality one way or another.

Representing as I do the Niagara Falls district of the province of Ontario I have always been intensely interested in the development of hydroelectric power and in the power needs of our communities. One has only to recall that a little less than thirty years ago the average household in the province of Ontario was using only half a horsepower for lighting and one-and-a-half horsepower for electrical appliances. Today the connected load is more likely to be more than two horsepower for lighting and between twelve and fourteen horsepower for appliances.

This increase, coupled with the tremendous building program and industrial expansion, makes us realize that unless something is done to maintain the supply of low-cost power Ontario will face a critical situation in the near future. And I know that the most immediate and the most important concern of the Hydro Electric Power Commission of the province has always been with the shortage of power, not with the surplus of power as some people are led to believe.

Every citizen of the province of Ontario therefore should have a deep interest in the situation governing the St. Lawrence power project. Many of us thought that the negotiations for the St. Lawrence had possibly terminated with the great lakes-St. Lawrence development basin agreement in 1941. Events have proved how we were wrong. Canada waited eleven years for the United States to ratify that agreement. Finally our government decided that the 1941 agreement was superseded by the international joint commission order of October 29, 1952. This ruling gave approval to the Canadian and United States applications for the joint development of the power project on the St. Lawrence river, and led the way to the possibility of an all-Canadian seaway.

And I think it is a matter of interest to us members of the house to know that Canada has already spent some $300 million on various sections of the St. Lawrence, compared with the United States expenditure of approximately $93 million. And according to the Department of Transport, fifty per cent of Canada's expenditures were made during the period when each construction dollar represented something like four of today's dollars.

It is therefore reasonable to assume that the cost to Canada to the present day has been something like a billion dollars. The seaway is of course of tremendous importance to Canada and, despite the fact that the major portion will be located in Ontario, the far-reaching effect on our economy makes it of prime importance to every province in this great dominion.

And, important as the seaway may be, the power project is by far the matter of greater urgency, in fact a matter of immediate urgency, if the future of Ontario is to be protected. Ontario hydro electric officials have made this fact abundantly clear on many occasions. Since 1945 demands for power have increased at a rate which is without parallel in the history of our province. And when one realizes that more than half of Canada's industrial output stems from the province of Ontario, and that this province leads in agricultural production, it can be easily seen that the power project is also of vital importance to this dominion.

Ontario hydro has stated on many occasions that the power needs of the people of that province must be met if our present high standard of living and growing economy are to be maintained. In an effort to keep pace with the growing demand for power, hydro has utilized every major source of power within economic transmission distance of large load centres. Despite a tremendous construction program involving more than a billion dollars, Ontario hydro will still be faced with a shortage of power towards the end of this decade.

During the seven immediate post-war years industrial consumption of power increased by 45·7 per cent, commercial use of power increased by 132·5 per cent and domestic use was up by 145·8 per cent. Farm electrification has progressed at such a rapid pace that farmers in Ontario at the end of 1953 were using 272 per cent more power than in 1945. During this same period the number of rural customers increased by 215,295.

There can be little wonder that Ontario hydro is deeply concerned about the continued delay in getting action on the St. Lawrence. All thinking people realize that, as Canada's leading mining, manufacturing and agricultural province, Ontario must have a new large source of low-cost power in the next few years if it is to maintain its present phenomenal expansion.

The St. Lawrence is the only answer, apart from high-cost steam generated power or the development of small sites which at present would not be economical because of their remote location.

Ontario hydro is, of course, studying the feasibility of using atom power. But, unless the development of this new source is much more advanced than I am led to believe, we cannot expect low-cost power from atomic energy for many years to come or even if it does come.

Ontario hydro's program of power expansion will be completed in 1957. At that time its dependable resources will have been

increased by some 132 per cent, allowing for the fact that the United States may be, at this time, making full use of its allocated diversion of waters at Niagara. Even with this tremendous increase in resources it is obvious to the people of Ontario that the 1,100,000 horsepower to which Ontario is entitled from the St. Lawrence will be required by 1958 if the present rate of growth is to be maintained. In fact, I am informed that every one of the 6,300,000 kilowatt hours a year from the St. Lawrence could be utilized right now for the benefit of Ontario and Canada.

The total potential power between lake Superior and Montreal based on the average amount of water available is in excess of 14 million horsepower. This is almost as great as the total installed capacity of all the hydro-electric plants in Canada today. Of course, the development of the entire St. Lawrence power potential is not economical or practicable. It is believed, however, that a total installation close to 10 million horsepower would be justified.

Of this 10 million, some 5,400,000 horsepower would be at Niagara, 2,200,000 horsepower at the international rapids section of the St. Lawrence, 2,000,000 horsepower at Beauharnois, and 1,100,000 horsepower at Lachine, Quebec. From this total installation available on the Niagara and St. Lawrence rivers some 5,500,000 horsepower would be available to Canada.

On the St. Lawrence river itself, as the figures show, about 5,400,000 horsepower would appear to be economically justified at Lachine, Beauharnois and the international rapids section. Of this, 4,300,000 horsepower would be in Canada and 1,100,000 horsepower in the United States at the international section.

Now, Mr. Speaker, with regard to our own power load, about a third of these total resources have been developed, to date. We have on the Niagara river a 500,000 horsepower plant, which is called the Sir Adam Beck Niagara generating station No. 1, at Queenston. We have another 180,000 horsepower at the Ontario power plant in Niagara Falls; another 145,000 horsepower at the Toronto power plant, also in Niagara Falls, and another 100,000 horsepower at the Canadian Niagara station. Then, Mr. Speaker, we have 200,000 horsepower at DeCew falls, which is very close to St. Catharines. At Beauharnois and at the Cedars plants in Quebec, I believe approximately 1,200,000 horsepower has been developed. Rapidly approaching completion, of course—and I am happy to say this—is the new Ontario plant at Niagara Falls, which will develop 1,828,000 horsepower.

It is a pity to me, Mr. Speaker, that those who take a narrow and selfish view and those who fear their interests may be adversely affected have been loud and persistent in their clamour against the St. Lawrence project. Large sums of money have been spent in promoting anti-St. Lawrence publicity. Fortunately much of this deceptive propaganda has collapsed when subjected to careful study.

It is somewhat ironical when one considers that almost every major newspaper or publication has commented during the last few years on the fact that the St. Lawrence is one of the most important developments of our age. Despite the tremendous support which this scheme has enjoyed, however, we are still awaiting authority to proceed.

There can be little doubt of the need for an early start on this project. During the post-war years in Ontario the increase in industrial use of electricity has been enormous. More than 600 factories, new to Ontario, have been established; technical processes have been developed; personnel has been trained, power equipment installed and a strong broad industrial base has been laid. On this broad base industry is capable of rapid expansion. I need hardly add that it would also be the arsenal from which our defence production materials could be drawn if necessary.

You may recall that a treaty was negotiated in 1950 between the Canadian government and that of the United States permitting a larger diversion of water for power at Niagara. The Hydro Electric Power Commission of Ontario—and I give them full credit, Mr. Speaker—lost no time in beginning a development which will eventually harness the falling waters of Niagara river to develop a further 1,828,000 horsepower.

Since I come from Niagara Falls, Mr. Speaker, naturally I have taken a keen interest in this project, and I want to say this to the credit of the Hydro Electric Power Commission. Although the United States and the state of New York have the right and the power to use the available water at Niagara falls, along with the Hydro Electric Power Commission, for the last two years they have not seen fit to take any of it. I throw my chest out and my shoulders back in justifiable pride that we here in Canada, and in Ontario, have gone ahead and set a picture and a pattern for the people of the United States, and we have shown them what we can do with regard to the water that is available at Niagara for power purposes.

They are fighting at the present time, and will continue to fight over there for many months to come, as to whether or not that power should be developed either by private enterprise or by public enterprise. But while they are going on with their arguments we are going ahead, and we shall have that development finished in a very short time.

The Sir Adam Beck generating station No. 2 is scheduled to open officially next August 8. Truly remarkable progress has been made since construction began in December 1950, just two months after the final ratification of the Niagara river diversion treaty. The new plant, named in honour of the man who is the father of hydro in Ontario, is just upstream from the No. 1 plant at Queenston, which was at one time the largest hydro-electric station in the world. This new plant, the new diversion, is spread across an eight-mile distance. The works of the Niagara project include tremendous engineering feats by Canadians on the staff of the Ontario hydro. Two intake structures for the tunnels are located two miles above the famous falls, near Chippawa; the twin 5½-mile long tunnels with diameters of 51 feet are being constructed under the city of Niagara Falls; the 2¼-mile open-cut canal is almost complete and the new powerhouse at Queenston, located six miles below the cataracts, is rapidly taking shape.

I want to say this, Mr. Speaker, we have had very many fine hydro engineers not only in the province of Ontario but in the Dominion of Canada as well. I think I can say without fear of contradiction that among the finest was Dr. Harry Acres. Dr. Hogg was another fine efficient hydro engineer. We also had Mr. Hearn, who is now the chief engineer of the Hydro Electric Power Commission of the province of Ontario, and Mr. Andrews of the Harry Acres Company at Niagara Falls. Perhaps, Mr. Speaker, I can paraphrase the advertising slogan of a famous automobile company, which goes something like this: "When better cars are made, so and so will make them". I want to say, Mr. Speaker, without fear of contradiction: When better hydro engineers are produced, the Niagara Falls area will produce them.

Will you call it six o'clock, Mr. Speaker?

At six o'clock the house took recess.

AFTER RECESS

The house resumed at eight o'clock.

Mr. Houck: Mr. Speaker, before the adjournment for the dinner hour I was telling the house something about the mammoth new hydro development at Niagara Falls and I was also speaking about the willingness of Ontario and New York to co-operate to undertake the power development on the St. Lawrence at a cost of something over $600 million. I firmly believe that the benefits to the province of Ontario, the state of New York and, indeed, Canada and the great republic of the United States of America, will outweigh the original cost. Looking ahead we must picture in our minds just what this new source of power will mean to our people, and especially what it will mean to industry. One engineer has estimated that the power going to waste in the international section of the St. Lawrence is equivalent to the energy that could be created by 28 million healthy workingmen every year.

Over the last few years a great deal has been said concerning the decentralization of industry. One cause for concern, especially in the maritime provinces, is that the seaway and the power project may have a strong centralizing influence. I believe this government recognizes the importance of carrying out, in so far as it is possible, an orderly and economic policy of decentralization of industry. We must not forget this policy and steps should be taken to see that it is followed in every possible field.

In considering this power project we must not lose sight of the old saying that "trade follows the flag". The modern adaptation of this saying is that "industry follows power". Ever since the industrial revolution it has been traditional that industry developed where there was an adequate supply of primary power. I believe it is part of our national responsibility that every power resource that can be developed must be developed, and that it is the prime responsibility of this government or any other government to do so.

Power resources are all a part of our great national heritage. They are all part of the vision of development that the fathers of confederation had, and unless we are prepared to see that every single natural resource in Canada is developed we are not going to meet that challenge and achieve the destiny envisioned by the pioneers, the fathers of confederation.

Almost all the opposition that the seaway project and the power development are meeting seems to come from extremely powerful lobbies in the United States, lobbies that seem to have bushels of money with which to operate and seem to be accomplishing what they have set out to do. It is my firm belief that much of the objection to these developments is coming from selfish business interests who care nothing about the country's

welfare as long as they are well looked after. Another thing that should stand out prominently in all these negotiations between Canada and the province of Ontario is that politics have played no part whatsoever. Probably no bigger football has ever existed in Washington than the St. Lawrence project itself.

I quite well recall that some ten or twelve years ago, when I had the privilege of serving on the Hydro Electric Power Commission of the province of Ontario, we at that time met the whole Senate committee from Washington for three days along the St. Lawrence. We inspected the whole project and at the end of the three days' conference they as much as assured us that the St. Lawrence project could be proceeded with within two months. That is twelve years ago.

In time of peace shortage of power is unfortunate. In the event of war a power shortage is a national disaster. As the best friend that the United States has among the nations, Canada is deserving of better treatment than she has had in relation to engagements for power developments on rivers in which both countries have a common interest. Canada's efforts to obtain the St. Lawrence projects have been backed by almost all representatives across the dominion. Without the wonderful co-operation shown between the two levels of government, federal and provincial, Canada's firm stand could not have been upheld. I think that our government leaders from Newfoundland to British Columbia are to be congratulated for the splendid spirit they have shown and the foresight they have had for the future of our great country.

I want to apologize to the house. I realize that I have probably spoken longer than I intended. I am also aware of the old saying that the brain can only absorb what the seat can endure, and I promise that I will only be another minute or two. I want to bring to the attention of the Minister of Public Works (Mr. Winters) the fact that we are badly in need of the new Burlington bridge at Burlington. I hope that the same spirit of co-operation that has existed between the dominion and the province with respect to the St. Lawrence seaway will exist with regard to that bridge. On week days and holidays it takes you longer to travel through that strip at Burlington than it does to go from Niagara Falls to Burlington, a distance of some forty-five miles. The present bridge is one of the great handicaps that tourists meet in getting through the traffic hazard at Burlington.

I also want to draw to the minister's attention the bridge at Homer. The bridge is raised when ships are passing through, and on many days last year I have seen the traffic lined up from the bridge in St. Catharines to the city of Niagara Falls, a distance of twelve miles, waiting for the bridge to be lowered.

I want to pay my respects to the Minister of National Revenue (Mr. McCann) and the Minister of Citizenship and Immigration (Mr. Harris) for the very fine officials they have at our border points, especially at the ports of Niagara Falls and Fort Erie. These customs and immigration officials are the first greeters of our immense tourist traffic, and very seldom are there complaints from tourists with respect to the treatment they receive from these splendid officials. Our first impressions are our lasting impressions, and many times tourists at Niagara Falls have told me of the wonderful way in which they were handled by these fine officials at the border. I say to the ministers concerned that they are to be congratulated on having such fine officials. They are doing a lot to sell this great Dominion of Canada.

I feel, Mr. Speaker, that it is a distinct honour, one that I will cherish for many a day, that I should be the first representative of the new riding of Niagara Falls. I hope I may carry out my duties with honour and distinction to that great riding.

Mr. H. O. White (Middlesex East): Mr. Speaker, in rising tonight to take part in this budget debate may I say that in my opinion it is probably the most serious in all the years I have been here because in preceding years business was on the upswing. But now we have come to a period of readjustment and, as the minister pointed out in his presentation of the budget the other evening, business and industry have to sharpen their pencils and get down to brass tacks. My first reaction to the budget was that the the people had asked for bread and were given a stone.

On April 1 taxes went up in a sense. We had to pay more postage for first-class letters, and while on budget night a few crumbs of comfort were thrown in by the reduction of taxes on certain lines they amounted to so little that the resentment stirred up by the increase in postage rates was greater than the acclaim that greeted the minister's budget.

I criticize the budget on several grounds. It failed to take into consideration mounting unemployment. I know that the Minister of Finance (Mr. Abbott) and other cabinet ministers have said that the condition is seasonal but it is hardly seasonal when unemployment is double what it was a year

ago. It was seasonal then. Therefore that is not quite the answer to the problem. I realize, Mr. Speaker, that you warned the hon. member for Greenwood (Mr. Macdonnell) about reading quotations from newspapers. I do not intend to read a quotation, but I have here in my hand excerpts from many Canadian newspapers, all of which point to the serious problem confronting many areas of this country due to mounting unemployment.

One other point the minister failed to mention is that business failures have increased by 19 per cent from a year ago. That underlines how much tougher it is to do business today, and how competition from foreign countries is depriving many of our industries of their business, and the people who work in them of their livelihood. The source of my information in that regard is the dominion bureau of statistics publication, volume 32, No. 3, which deals with business failures and which states that such failures have increased by 19 per cent over the third quarter of 1952. That, in my opinion, is a fair barometer of what is going on in this country.

The minister also failed to take into consideration the shrinkage in freight tonnage or car loadings. That, to my mind, is one of the best indications of economic conditions as they exist today. A dominion bureau of statistics bulletin issued by the Minister of Trade and Commerce deals with this point. I have no wish to bore the house with an endless series of figures, but taking the month of October as a yardstick there were 825,607 tons less freight loaded in October 1952 compared with October 1951. Comparing the months of October 1951 and October 1953 there were 1,385,471 tons less freight loaded in 1953 than in 1951. That also is an indication of an economic trend within this country.

It occurs to me that possibly the next election is too far off to expect much in the way of tax reductions, but probably we will come back to that happy state of affairs as the years roll on. However, I wish to bring to the attention of the house some other factors which should be taken into consideration. Down through the years I have been here the government has effectively killed as far as was humanly possible every connection we have had with the British commonwealth and the United Kingdom, even to the extent of putting an eagle on the cap badge of the R.C.A.F. We have put all our trading goods in the United States basket, as it were, and this has resulted in the loss of our export markets. It has also resulted in a flood of United States goods into this country.

In accordance with your ruling, Mr. Speaker, I do not want to quote from a newspaper but I would like to refer to an item in the Windsor *Daily Star* of a week ago which pointed out that with respect to one item alone, namely onions, 243 carloads of United States onions were sold in 12 Canadian cities since January 1954. This took place while hundreds of thousands of bags of Canadian onions failed to find a market in the three southwestern counties of Ontario and in the Bradford marsh area, northwest of Toronto.

Is it any wonder then that implement companies and their employees are idle and farmers cannot buy their produce? It must be obvious that farmers are not going to turn around and buy the products of factories whether they produce textiles or farm implements.

However, I would like to reiterate that the government has severed as far as possible our British connections in terms of trade and in many other ways. The government has put its trust in the United States market, despite the fact that recent experiences indicate that we have been shut out of that market in terms of dairy products, oats, and rye, and this was done without any consultation with our government, regardless of the Geneva trade treaties to which we as well as they were signatories.

These Geneva trade treaties have cramped our field of action. We signed this treaty as did 33 other nations and attempted to bring about comparative tariffs, but we fail to take into consideration that many of these countries who are signatories to this treaty have a much lower standard of living and lower wage rates than we have. Despite that fact we are expected to compete with them.

I would like to draw to the attention of the house the plight of the electrical goods industry. The average wage rate in that industry today, both in the United States and Canada, is $1.67 an hour. The countries which supply electrical goods to this country, such as Sweden, Switzerland, the United Kingdom and other countries, have an average wage rate running from as high as 37 cents to as low as 27 cents. Is it any wonder therefore that we have men idle when these goods can be delivered at a price which is far below our cost of production? Regardless of this the minister tells industry and labour to sharpen their pencils and to become more efficient. The comparison I have given you as far as electrical goods are concerned applies equally well to the textile and other industries.

I think I can agree with the hon. member for Middlesex West (Mr. McCubbin) that optimism has its place, but so has a little realism, and I believe that realism was lacking in last week's budget speech.

Barring a miracle it is very likely that milk supplied to the milk concentrating factories of this country may slip down a few cents in price, and if the government wishes to bring on more unemployment all they have to do is to take the floor price from under farm products. They will then find even more industries laying off their workers.

While I am dealing with the farming industry and their problems I would like to say a word about daylight saving time. We have railway time, airline time, bus time, and daylight saving time. We will have city time and country time. If this government believes in democracy then they ought to have a referendum so that the people can decide whether we should or should not have daylight saving time. The whole problem is complex and extremely confusing. For example, in Windsor, Chatham, and western Ontario they have eastern standard time, while London and many other cities have daylight saving time. In my opinion those who wish to go to work an hour earlier should do so, but there is no reason to change the clocks.

A year or so ago, though it seems just like yesterday, the Minister of Trade and Commerce (Mr. Howe) returned from his tour of South America. I remember his telling us about the great opportunities there for expansion of trade; but from that day onward our trade with those countries has gone down and down. Maybe it is not his fault, but he certainly promised us some great things as far as those South American countries were concerned. I hope he does not take another jaunt around there to sell Canadian products and come back with the same results.

Taxation plays a bigger part in our economy than many of us realize. It is estimated that it requires an investment of between $8,000 and $10,000 to equip a factory so that it will employ one man and so on for every employee. In other words, the amount of money that is drawn off in taxation reduces the number of potential jobs in this country. On more than one occasion I have pointed out to the house and to the government that inflation is the root cause of many of our troubles. Through inflation we have priced ourselves out of world markets. Inflation is the most subtle and sinister invasion of the assets and wealth of the people. In Germany this inflation ended in Hitler's dictatorship, because when you can control currency and destroy people's faith in their monetary system you can do with them almost anything that you desire to do.

From the budget speech I note that the government have finally adopted a suggestion of the Conservative party—and incidentally it is one of my own—that the sales tax on municipal purchases be done away with. I am glad to see the adoption of that suggestion.

I am coming back again, Mr. Speaker, to what the minister said about labour and industry becoming more efficient and his telling them to sharpen their pencils and cut their costs. The strange part about that matter was that the government themselves failed to do that. The biggest business in the country, they neither sharpen their pencils nor become more efficient. I think here is a case where the government could and should give a lead to industry and labour by showing that they themselves can follow their own advice; but apparently they either are unable or unwilling to reduce the cost of government.

I want to return for a moment to our unfavourable trade balances. I have here in my hand the monthly summary of foreign trade published under the authority of the Minister of Trade and Commerce. This monthly summary shows imports for consumption from all countries. To summarize it quickly for you, in the month of January, 1952, imports from foreign countries amounted to $307·1 million and in January, 1953, they amounted to $327·8 million; in other words, they were up $20 million. As to our exports to foreign countries, they were down from $324·1 million to $317·3 million in the same months. In the months for which I have the figures here, namely January, February, March, April, May, June, July and August, of 1953, only two show a favourable trade balance, those of June and August. In June there was a favourable trade balance of $9·7 million and in August one of $1·6 million. As to the other months the figures range all the way from minus $87 million to minus $47 million, minus $35 million and minus $6·6 million. In other words, we are employing people outside of Canada to make the things that could well be made by our idle people.

Then as to imports for consumption, in the month of August, 1952 we imported agricultural and vegetable products to the tune of $33 million worth. In July, 1953 we imported $42 million worth. In other words, some of these onions that I was talking about have been brought into the country while our own were wasted. As to fibres, textiles and other products, in the same months our imports

for consumption went up from $25 million to $31 million; iron products, imports went up from $97 million to $150 million; chemicals and allied products went up from $13 million to $18 million; non-metallic minerals and like products went up from $54 million to $64 million. In other words the totals for these main groups imported into this country went up $100 million in the year from August, 1952 to July, 1953.

I say again, is it any wonder that we have idle people? While I am mentioning to the minister the matter of sharpening his pencil and becoming more efficient at home, may I say this. From the dominion bureau of statistics report I notice that the number of employees of the dominion government increased by 11,678 in the past twelve months.

There is another matter in the budget to which I want to draw the attention of the minister and the house. I refer to the matter of dominion-provincial relations. It is quite apparent to me—at least, it is my opinion—that that matter was dragged in as a red herring to draw the people's attention away from the serious economic and unemployment situation prevailing and away from the burdensome amount of taxation they are paying, amounting to something over $1,300 for a family of four in Canada before they have a dollar with which to buy their groceries, pay their rent or clothe themselves.

I would point out to the minister that over the years the Liberals too have had some resolutions in their platform. One was the health insurance plan which has been forecast every election year since 1919, but nothing has been done about it. They have promised to reform the Senate ever since 1867. But worst of all, they have failed to formulate plans to aid in the development of the natural resources of the country, thereby increasing employment in the country.

I want to extend my congratulations to the hon. member for Niagara Falls (Mr. Houck) who preceded me. I was glad to note that he had at last become a disciple of that great man—probably the greatest of all Ontario citizens—Sir Adam Beck. I noticed that in his speech he also failed to mention the repudiation of the hydro contracts carried out under Mitchell Hepburn.

Mr. J. W. Noseworthy (York South): Mr. Speaker, in the present budget now before us the government proposes to raise, including the special old age security tax, the sum of $4,765 million. Of that sum they propose to spend something over $2 billion on national defence. Because our national defence expenditures will take approximately 42 per cent of our total budget and because I did not take part in the external affairs debate, I propose to deal with some aspects of our responsibility as a nation for helping to safeguard the survival of democracy and for making it work in the kind of world in which we live today.

The democratic world has, in our generation, fought two world wars to secure the survival of democracy against the onslaughts of nazi and fascist dictators. Today we are confronted with the problem of securing the survival of democracy against the advancing and ever-increasing forces of communist dictatorship. I believe we all agree this dictatorship is a much more sinister force than that which we fought in world war I and world war II. It is more sinister and more dangerous because, whereas the nazi and fascist dictators appealed chiefly to the racial superiority of one or two races, communist dictators appeal to the hungry and dispossessed peoples of every race everywhere.

We sometimes think today in terms of two worlds, communists and non-communists. The world in which we live is torn by tension between those two forces, between the two great most powerful states, Russia and the United States of America. In addition to that we are living today in an age of revolution. The world in which we live is, in my opinion, passing through the greatest revolution in its history. We are living in a world in which two-thirds of its population is rising up against inequalities of race and inequalities of economic opportunity.

We on this continent are inclined to think our great task today is to stop communism. We are sometimes inclined to believe that but for Russia we could all enjoy a stable peace. I suggest, Mr. Speaker, that we are experiencing today a world revolution for equality. I suggest, further, that were every communist in the world removed that revolution for equality would continue. Let us take a brief look at that world. We are told that there are 200,000 babies born into this world every day. Only one in three is white. Two of every three are born either in countries that have revolted and thrown out the white folk who govern them or in countries who are still trying to throw out the white folk. Only one in four of those babies is born a Christian. One in four is born in China. One in nine is born in India. Those born in India have a one to four chance of surviving infancy. Those who survive infancy have only a fifty-fifty chance of ever reaching maturity.

Half of those 200,000 babies born every day in this world, unless we can make

democracy work in other countries, will always be hungry. Many thousands of them will die of famine before reaching maturity. We are told today that two-fifths of the world's population can neither read nor write. Only five in every hundred in Africa, still a part of the free world, can read. Two billion of these sick, hungry, and illiterate people live in the free world, in that free world which we are trying to lead in a crusade against communism.

When we look at Russia, we think in terms of tyranny. When these millions in Africa, Asia, or South America look at Russia, tyranny does not frighten them. They have never known anything else. What they see is not tyranny but the possibility of liberation from landlords and local money lenders to whom they have been in debt all their lives and to whom they pay from 30 per cent to 100 per cent interest. They see not tyranny in Russia but the possibility of planned reconstruction of their country on the basis of modern machinery. They see possibly an end to all the misery and despair that is unknown to us, and such as we can scarcely imagine.

It is true that such sickness, hunger and misery is not anything new to these people, but this is the first time in their history that hundreds of millions have learned that because of new scientific knowledge, new technical skills, their suffering is unnecessary. They have now come to realize something they have never known before. There is plenty of evidence the peoples of Asia, Africa and South America are determined to solve their economic problems. The great question that confronts us as a member of the free world is whether or not we can demonstrate to these millions, in time, that democracy can offer them a better solution to their problems than can dictatorship.

I submit that it is only by doing that we can ever hope to hold these two billion people within the free world. In other words, unless we want to live in the communist dominated world, unless we are prepared to see communism dominating the world in which we live, we must make democracy work not only in our own countries, but in Asia, Africa and South America. We ask what we are doing in that regard. What are we doing to demonstrate to these people that democracy does offer them and can provide them with more freedom and security both in the field of economics and politics, than can communism.

Quite frankly I think we have made a fair beginning, though I admit it is but a beginning. If we compare the course of action that was adopted by the victors of world war II with the course of action that was followed by the same victors of world war I, I think we realize that we have been making some progress in this job of making democracy work. We have been making democracy work better in the domestic field in Great Britain, Europe and North America, and to some extent in the international field.

Before world war II one of our most painful social problems was that of mass unemployment, the inability of our economic system to employ a large sector of the available labour force in productive enterprise. Somehow we have managed to avoid mass unemployment since world war II. Some say that is because of our rearmament program, but I think an impartial observer must admit that our employment figures were nearly as high in 1948, 1949 and 1950, before we embarked upon our rearmament program, as they have been since that time. That is particularly true in this country.

To be quite frank I suppose we must admit that our rearmament program has been one factor in our provision for unemployment. To be frank again, we must admit that the scarcities created by the ravages of war in Europe have contributed markets for our products and enabled us to maintain a high degree of employment.

However unemployment is again raising its head in this country. And whether the government believes that that unemployment is seasonal or temporary, it is a factor involving half a million Canadians. The fact remains that even with our experience of the thirties we have not yet learned to provide full employment for all our people without recourse to rearmament or recourse to war, or depending upon shortages created by war.

That is one of the lessons which somehow we must learn in this and other countries of the free world, if we are to enable democracy to survive and if we are to prove to our own people and others the advantages of democracy over communism. If we turn again to the pre-war world we find that another of our difficulties was the inability to find employment for available savings and capital. Today on the other hand there is always a shortage of capital for investment in the numerous enterprises sponsored by government agencies and private firms within the free world system.

The third symptom of our domestic economy in the pre-war days, particularly in North America and Europe, was the stagnation of agriculture. Lack of markets made it necessary for us on this continent to burn food, to burn agricultural products we were

unable to dispose of. Today we are experiencing a veritable agricultural revolution in the mechanization of agricultural processes and in boosting agricultural output. We are getting nearer to the goal of being able to feed some of the hungry millions of the world than we were in the post-war years. There, again, we find today our granaries filled, bulging with wheat; we find ourselves without markets and unable to dispose of our wheat, while millions of people are hungry.

There again we must learn somehow to find a way of distributing food we can produce among the hungry peoples of the world. This buoyancy of our post-war economic system has been brought about, in part, by reason of war and rearmament, in part by shortages created by war and also in part by the shift of political power and influence within the countries of Europe and North America.

Since the war, under the pressure of public opinion, governments have been forced to devote a higher percentage of their production and net income to improving the standard of living of the common people within their borders. This has been made possible by a redistribution of our national income. Governments in every country enjoying representative forms of government, or government responsible to the electors, since the war have been taking bigger slices of the national income and redistributing it through welfare-state measures such as children's allowances, old age pensions, health insurance, workmen's compensation and the like.

That, and the increasing amount of capital investment made by governments or in government-sponsored or government-supervised and, in some cases, government-owned enterprises, have served to provide the consuming public with more spending power, and have served to remove the unbalance between classes in our domestic economy.

Here I think we need to stop before we take too seriously the advice of those who tell us that, because industrial workers have been receiving higher wages and because farmers have been receiving higher prices for their products, we are pricing ourselves out of world markets, and consequently the thing to do to regain those world markets is to begin reducing wages and farm prices. I think we would do well to stop and consider before we follow any such advice as that.

After all, we cannot maintain full production unless our consuming public have the wherewithal to buy that production. It is true that we must of necessity export a great part of our production, but we must take in turn from those countries to which we export goods of that country's origin. We must take these goods in exchange for ours. These goods that we take back in exchange must in the final analysis be sold to our own people. Therefore, unless we can maintain in one way of another the purchasing power of our consuming public in Canada we have no hope of continuing the kind of prosperity we have enjoyed in the past.

Let us turn now to the international field where the unbalance between the nations that have and the nations that have not still remains to be adjusted. What have we done in that field? Again I say we have made a beginning, but nothing more than a mere beginning. Prior to world war II the only means by which the increasing capital of industrial metropolises could be spread throughout the world was that of foreign investment on private account and for profit. As masses of capital accumulated in one or two of the most advanced nations, it was lent to or directly invested in the less developed parts of the world. This method of investment led to the extension of actual sovereignty of the capital exporting nations over those in which the capital was invested. The necessity of providing some security for investments resulted in the whole world becoming colonized. It was this method which led to the partitioning and repartitioning of the globe and led to the frightful collisions between major industrial nations, the relations which we know as world war I and world war II.

That picture has changed somewhat since world war II. The whole mental climate of our times is inimical to that type of enterprise today. After world war II the economies of Britain, France, Germany, the rest of western Europe and Japan were shattered. In the past this problem would have been met as after world war I by raising of ordinary commercial loans from private investors in the United States. These loans would have been made with an eye to private profit. This time, after world war II, no one even supposed that this method could possibly be followed.

The economies of Britain, France, Germany and Japan have been largely restored through Marshall aid and similar arrangements. Much of the needed capital was exported as a free gift. Some of it was advanced on easy terms and modest interest rates. The capital was not raised voluntarily, but was provided by the United States government out of taxation compulsorily levied on the United States public. Whatever we may say about the United States' motives for this, the fact is that an entirely new way was found of rectifying to some extent the unbalance between the United States and Europe after the war.

The real and gigantic job that now lies ahead of us in order to make democracy work and thereby save for the free world two billion people living in Asia, Africa and South America from going communist is to find some way whereby the United States, together with Canada, Great Britain and those European countries which are again going concerns, can pour their capital into Asia, Africa and South America. From China to Peru the majority of the human race remains untouched by the industrial revolution. Psychologically and politically they are waking up, and unless some acceptable means can be found of providing capital and technical knowledge to enable them to develop their countries they will certainly be lost to the free world. They will pass into the Russian orbit which can do far less for them economically than can democracy, but which will do even that little for them at the expense of those freedoms that we in the free world cherish.

In this field I submit we have fallen down badly so far. We have laid the foundation. We have the Colombo plan and the technical assistance plan within the United Nations; but to date work in this field has received very scant consideration. Our main efforts have been devoted to rearmament. We in Canada spent approximately $1 on economic aid for every $100 we spent on rearmament. Altogether we have been spending in Canada approximately $29 million a year on Colombo, economic aid and all the United Nations' agencies combined. That, I submit, is not good enough and is simply an indication of the fact that we do not realize in this country, nor do our allies in other countries realize, the magnitude of the greatest problem that confronts us today.

World war II, it is said, cost the United States $330 billion. If world war III began tomorrow, whether it began in Indo-China or wherever it began, the United States, Great Britain, Canada and other countries of the free world would immediately find the hundreds of billions of dollars needed to prosecute that war, but those same nations today can find a matter of millions instead of billions for the greatest of all tasks that now confronts the free world if we are to make democracy work. If, indeed, we are to enable democracy to survive.

Because of the immediate situation in regard to Indo-China, Mr. Speaker, we are in danger at this time of diverting our thought from the greater, the more important and long-term program of assisting the hungry and dispossessed peoples of the world. Whatever we may do, or whatever happens in Indo-China, we must not lose sight of the fact that we must somehow, by some means, convince the leaders of the two billion not yet brought within the Russian orbit that democracy has more to offer them both in economic and political freedom and security than has communism.

[Mr. Noseworthy.]

Have we any reason whatever to believe that if the United States and other free nations choose to fight it out to the bitter end with the communists in Indo-China that China and other communist countries will not give assistance to the communists as they did in Korea? Surely, Mr. Speaker, with our experience in Korea, and the knowledge we now have of the powers of the hydrogen bomb, it is the part of sanity to try, as our own Secretary of State for External Affairs (Mr. Pearson) suggested to us in his speech, by every means possible to secure a negotiated settlement of the dispute in Indo-China without embarking on another Korea. Such embarkation might very easily result in the use of the H-bomb by one side or by both.

Any move that will lessen the possibility of such a negotiated settlement will shock the conscience of the entire world today, and history may well regard the perpetrator of such a move as an enemy and not a friend of mankind. The United States and her allies in the free world may have to make some concessions to communist countries to achieve that kind of settlement in Indo-China. It may be possible that we may have to recognize Red China or admit Red China to the United Nations or open up avenues of trade with countries behind the iron curtain. We may have to make concessions to public opinion in France regarding the rearming of Germany. But none of these concessions will be half as terrifying to mankind as the possibility of the two great world forces using H-bombs against each other.

While on the subject of H-bombs, I want to say that in my opinion Canada's role should consist of using every possible effort to secure international agreement on two points; one, that there be no more trial explosions of H-bombs in the Pacific and, two, that this infernal machine, capable only of destruction, be outlawed from the face of the earth. The H-bomb just has no place in a world of human beings who still have some interest in survival.

Mr. A. J. MacEachen (Inverness-Richmond): Mr. Speaker, in rising to take part in this debate in its early stages, I wish at the outset to compliment the Minister of Finance (Mr. Abbott) upon his budget and the message of assurance which it contains for the Canadian people. In the welter of pessimism that is being generated in Canada today, it is refreshing to have the chief financial officer

of the country paint an optimistic picture, a picture which, I think, is justified and supported by an economic review of last year's achievements and by an assessment of the critical economic factors that will affect the development of the country in the year ahead. If there is any relationship between the economic development of the country and the financial or economic policies pursued by its government—and that proposition has been widely urged in the house since the debate began—then I think the Minister of Finance should receive the commendation of the Canadian people for having presided over the financial affairs of the country in the period of its unprecedented economic growth.

In announcing another surplus the minister has continued his policy of adjusting the budget accounts to the state of the economy. It used to be a belief of public finance that a surplus was always desirable and that a deficit was always undesirable. But now—and this view has been presented only in recent times—it is true that a surplus or a deficit is neither necessarily good nor bad in itself, but derives its virtue from its accommodation to the need of the economy. Of recent origin also is the belief that the budget can be used as a defensive and offensive weapon in maintaining balance in the economy. Therefore, the government has continued its policy of creating surpluses in periods of prosperity for the prudent reason of retiring the public debt gradually but for the more solid reason of facing up to a deficit without extraordinary strain when such a policy is required in the national interest.

The gradual retirement of the public debt is useful because it reduces the annual burden of debt carrying charges and also because it appeases the distortion in income distribution which is inevitably associated with a large public debt. I believe that the Canadian public have supported this policy of creating surpluses. I believe an opposite policy would have bordered on imprudence, if not improvidence. Last year, the budget accounts reveal, Canada established new records in the gross national product, in employment and earnings, in the size of the labour force, in the rate of personal savings and in other categories of economic significance. The achievement of last year takes on additional perspective in view of the equal or greater achievement of previous years. The trend has been a steady and upward growth in the economy.

In view of this background one must ask himself whether the current unemployment problem represents a basic reversal in the upward growth of the Canadian economy. The minister faced this issue squarely and stated that the current unemployment is the result of increased price competition from foreign suppliers and a general readjustment to a more competitive economy. If this diagnosis is correct, and no alternative diagnosis has yet been presented, then in my judgment the real solution does not lie within the realm of fiscal policy. By fiscal policy I mean the augmenting or enlarging of the stream of purchasing power through tax reductions or increased government expenditures. Such a measure at this time would not assist the specific industries facing price competition, because there is no presumption that consumers will buy higher-priced goods simply because purchasing power has been discharged into the economy.

Furthermore, the application of general fiscal measures would not likely have the desired effect unless there is a general malaise affecting investment, consumption, and government expenditures. No evidence has yet been brought forward to counteract the evidence of investment plans presented in the annual survey tabled in this house by the Department of Trade and Commerce. Defence expenditure will continue to play its role in sustaining the economy and the only sign of weakening among these three sensitive barometers is a weakening in purchasing power, and even with that weakening, purchasing power still remains strong.

If price competition from foreign markets is the problem then the short term solution is clear, if unacceptable. It lies in the realm of commercial policy. The quickest way to provide such price relief is through the application of a tariff against competing products. The minister has wisely resisted pressure for increased tariffs. Such a policy at this particular time would work against increased world production and against Canada's stake in multilateral trade.

I believe the high aspirations expressed by hon. members in the debate on external affairs have now taken practical effect, and this practical effect will be supported by the same firm purpose that was expressed in that debate. Indeed, Mr. Speaker, as a member for the province of Nova Scotia I can testify to the adverse internal effects further tariff increases might have on regions which must export their primary production.

It is my belief that Canada has reached the peak point in its unemployment and that the downward trend will soon be evident.

One phase of this problem which has been neglected is the rapid rise in Canada's civilian labour force. In 1945 the total civilian labour force in Canada was 4,481,000 while today it is 5,230,000, an increase of 749,000 persons. The increase for the past year was 36,000 persons. It might be of some help in

putting this problem of unemployment in perspective if we consider the number of employed as well as the number of unemployed. The dominion bureau of statistics figure for persons without jobs and seeking work as of February 1954 was 312,000, which is the highest figure for this category since and including the year 1945. At the same time the total number with jobs in Canada as of February, 1954 was 4,918,000. This figure demonstrates that there were more persons with jobs in Canada in February 1954 than at the same time in 1945, 1946, 1947, 1948, 1949 and 1950. According to the recent D.B.S. labour supplement there are more jobs in Canada now than in 1951 or 1952.

An hon. Member: That will go over with the unemployed.

Mr. MacEachen: It is true that the number of jobs in this country have decreased since last year at the same time by 97,000, and while I lament and I am distressed as much as hon. members opposite at the number of unemployed in the country I still believe that in order to maintain a balance we should also rejoice that the Canadian economy is, as of now, maintaining employment for almost five million Canadians.

Naturally a growing population combined with an expanding economy will result in an expanded labour force, and if our economy, Mr. Speaker, is in for a period of general readjustment then it might be wise for hon. members of this house to consider how the expansion of the labour force could be arrested during this temporary period. One of the most obvious devices that occurs to me is an increased emphasis on vocational education in necessary skills in Canada.

May I turn now to another aspect of the budget. The total non-defence budgetary expenditures in round figures amounted to two and a half billion dollars. Two-thirds of this amount is accounted for by interest and service on the public debt, social security benefits, subsidies and tax rental payments to the provinces, and services and assistance to agriculture.

I should like to discuss two classes of expenditure mentioned by the minister, namely, tax rental payments and social security benefits, with particular reference to my own province of Nova Scotia.

In my judgment the tax rental agreements have served or achieved two ends. First, by agreement with the provinces, they have permitted the federal government to become the chief collector of corporation and income taxes, providing the central government not only with this rich source of revenue but also giving the central government weapons of the first importance in controlling the economy.

Second, these tax agreements have attempted to overcome disparities in economic development as between parts of Canada by effecting what amounts to a regional redistribution of government revenue. For the fiscal year ended March 31, 1953, the total revenue collected by the province of Nova Scotia amounted to approximately $48 million. Of that amount approximately $20 million was revenue under the tax rental agreements. Had the province of Nova Scotia cultivated these tax fields on its own its collections would have fallen far short of payments under the tax rental agreements, and that province would have been unable to provide the standard of service now available to the residents of that province. Even with the tax rental agreements, there is considerable strain on the province of Nova Scotia in attempting to meet the standards of the wealthier provinces of Canada. Though the tax rental agreements have been of undoubted value to the province of Nova Scotia, I am sure I will be forgiven by hon. members if I confess that I have always shared the view, so frequently expressed by Premier Macdonald of Nova Scotia, that a more efficacious method of handling the province of Nova Scotia would have been to adopt the principle of fiscal need first recommended by the Rowell-Sirois commission, and later incorporated in the original proposals made to the province.

May I turn now, Mr. Speaker, to a few remarks on the subject of social security and its contribution to the national life. The comprehensive system of social security in Canada is meeting the needs that arise in an acute form in any industrial or market economy. In such an economy, income from gainful employment is the source of livelihood for large classifications of people. The loss of income, through causes beyond the control of the individual, and the inability to accumulate savings to meet the critical emergencies of life have been the principal considerations which have led modern governments to establish programs of social security. I am proud, Mr. Speaker, of Canada's achievement in this field because through this medium we have relieved human insecurity in critical areas of life and we have met the challenge of problems associated with industrialization.

At one period of time the chief support for social security came solely from persons who wished to relieve human suffering, and I trust that such motivation will continue to be the

basic philosophy of our approach to the problem. But to those supporting social security unexpected aid came from economic science. Economic science proved, I think without any doubt, that social security or transfer payments constitute a permanent support to purchasing power and contribute to the desirable social and economic objective of overcoming inequities in the distribution of income.

The work of the government in this direction has not ceased. As a new member of this house, I received my greatest satisfaction from the announcement made by the Minister of National Health and Welfare (Mr. Martin) that assistance would be provided for disabled persons. The Nova Scotia legislature has passed enabling legislation in order to be in a position to adopt this legislation.

I have mentioned particularly the tax rental agreements and social security payments principally because they indicate the direction of government expenditures. I believe that these two policies have been instruments that have increased the appreciation of Canadian citizenship. There are no other two policies that indicate more clearly the manner in which this government has met the challenge of Canadian federalism. It is true, Mr. Speaker, that in the province of Nova Scotia at present there are difficulties that no one should overlook. There is particularly the difficulty associated with the coal and steel industries. But because an opportunity will be provided to discuss this matter when the estimates of the dominion coal board come before the house I shall postpone my remarks on these subjects until that time.

Mr. Speaker, if the claim is made that those who strike an optimistic note are wishful thinkers, then I want to join that band of persons who have faith in the future of Canada, that group which is not dismayed by a single temporary interruption in the steady growth of the Canadian economy.

Mr. Deputy Speaker: Is the house ready for the question?

Some hon Members: Question.

The house divided on the amendment to the amendment (Mr. Coldwell) which was negatived on the following division:

YEAS

Messrs:

Argue
Barnett
Blackmore
Bryson
Cameron (Nanaimo)
Campbell
Coldwell
Ellis
Herridge
Johnson (Kindersley)
Johnston (Bow River)
Jones
Knight
Knowles
Leboe
Low
MacInnis
McCullough (Moose Mountain)
McLeod
Nicholson
Noseworthy
Quelch
Regier
Winch
Wylie
Zaplitny—26.

NAYS

Messrs:

Abbott
Aitken, Miss
Anderson
Applewhaite
Ashbourne
Balcer
Balcom
Batten
Bell
Benidickson
Bennett, Miss (Halton)
Blair
Blanchette
Boisvert
Bonnier
Boucher (Chateauguay-Huntingdon-Laprairie)
Bourget
Breton
Brisson
Brooks
Brown (Essex West)
Bruneau
Byrne
Cameron (High Park)
Campney
Cardiff
Cardin
Carter
Casselman
Cavers
Churchill
Cote
Croll
Decore
Deschatelets
Deslieres
Dickey
Dinsdale
Drew
Dufresne
Dumas
Enfield
Eudes
Eyre
Fairclough, Mrs.
Fraser (Peterborough)
Fraser (St. John's East)
Fulton
Garland
Garson
Gauthier (Portneuf)
Gingras
Gingues
Gour (Russell)
Gregg
Habel
Harkness
Harris
Healy
Hees
Hellyer
Hodgson
Hollingworth
Hosking
Houck
Huffman
James
Jutras
Kickham
Kirk (Antigonish-Guysborough)
Kirk (Shelburne-Yarmouth-Clare)
Lafontaine
Langlois (Gaspe)
Lapointe
Leduc (Jacques Cartier-Lasalle)
Lesage
Macdonnell
MacDougall
MacEachen
MacLean
McBain
McCann
McCubbin
McCulloch (Pictou)
McIvor
McWilliam
Maltais
Mang
Matheson
Michener
Monteith
Nesbitt
Pallett
Pearson
Perron
Pinard
Pommer
Pouliot
Power (Quebec South)
Power (St. John's West)
Prudham
Purdy
Ratelle
Reinke
Richard (Ottawa East)
Robichaud
Robinson (Simcoe East)
Rowe
St. Laurent
Schneider
Small
Stanton
Starr
Stuart (Charlotte)
Tucker
Valois
Villeneuve
Weaver
Weir
Weselak
White (Hastings-Frontenac)
White (Middlesex East)
White (Waterloo South)
Winters
Wood—125.

Mr. Speaker: Is the house ready for the question?

Some hon. Members: Question.

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker—

Mr. MacDougall: You always have to spoil it, Stanley.

Mr. Knowles: Mr. Speaker—

An hon. Member: Take your time, Stanley.

Mr. Knowles: Mr. Speaker, I wish to say a few words—

Mr. MacDougall: "A few words"?—hear, hear!

Some hon. Members: Hear, hear.

Mr. Speaker: Order.

Mr. Knowles: This is the most voluminous applause I have ever had in this House of Commons.

An hon. Member: The first time you have earned it.

Mr. Knowles: As I was saying, I wish to say a few words—

An hon. Member: You said that.

Mr. Speaker: Order.

Mr. Knowles: I am having as much difficulty, Mr. Speaker, as I sometimes have when asking a question on the orders of the day.

In his budget speech the other night the Minister of Finance (Mr. Abbott) made this statement upon which I wish to comment briefly. As recorded at page 3730 of *Hansard* for April 6 the minister referred at some length to the matter of the old age security fund, and then said this:

> Looking at the year just beginning, it seems probable that we shall again have a deficit of about $50 million. A precise accounting approach might suggest that I ought to propose an increase in the scale of contributions; but, as I said a few minutes ago, I do not think this is a time to be increasing taxes in Canada if that can possibly be avoided. I propose therefore to carry on with the same scale of contributions for another year.

Naturally, Mr. Speaker, I do not quarrel with the statement of the minister that he does not propose to make any increases in the taxes provided under the Old Age Security Act, so far as this year is concerned. But I do wish to register my strong objection to the inference that the day might come when, because of deficits being incurred—bookkeeping deficits, if one might call them that—in the old age security fund it might be necessary to propose an increase in one or other of the 2 per cent taxes levied for purposes of the old age security fund.

The fact that that inference is there is supported by various news reports commenting on what the Minister of Finance said in the paragraph I have just read. For example, under the byline of Warren Baldwin, the Ottawa *Citizen* of Wednesday, April 7, 1954, had this to say:

> Canadian taxpayers have been given another year of grace before being put on a pay-as-you-go basis for payment of old age pensions. They will continue to contribute two per cent in sales tax, two per cent through corporation tax and two per cent on personal incomes up to $60.
>
> Faced with the alternative of increasing his overall tax structure or budgeting for a deficit, Finance Minister Abbott has avoided both and put off the day of reckoning.

Similarly, the Ottawa *Citizen* in its editorial on the minister's budget, also in the issue of April 7, referred to this act of the minister in these words: "And so he temporizes for another year." The point I wish to make is this, that we are paying for old age pensions now on a pay-as-we-go basis. The fact that the total cost of old age security payments at their present level of $40 a month is not covered by the earmarked taxes does not mean that those payments are not being made out of current income. The fact is that old age security payments at the present time are being made in part from these three 2 per cent taxes, and in part from revenues out of the consolidated revenue fund, but all of these revenues are equally current.

In my view, the point should be made that there is nothing wrong with the payments being met as they are today. In fact I go further and say it is better that these payments be met in that way than that the 2 per cent social security tax should be increased in order that there might be a bookkeeping balance. So long as the present situation is maintained, to the extent that old age security payments are met in part out of the consolidated revenue fund, to that extent they are paid for on an ability to pay basis, to an extent that is greater than is the case with respect to the 2-2-2 formula. The funds that are received into the consolidated revenue fund on the basis of the personal income tax and on the basis of the corporation income tax are on a much more progressive basis than is the case with the three 2 per cent taxes. I want to register my very strong protest at any

suggestion that there should be any increase next year or the year after in those 2 per cent taxes that are collected for the purpose of old age security.

In fact, as hon. members know, when these three 2 per cent taxes were brought in we objected to certain features of them. For example, we objected to the fact that the tax on personal incomes for purposes of the old age security fund was not put on a graduated basis. In addition to it not being on a graduated basis, it is cut off at the $60 point, and we objected very strongly to that. We agree that old age security pensions should be on a contributory basis and they are; yes, they should be on a pay-as-you-go basis, and they are; but we also contend that they should be on an ability to pay basis. That is not the case if you insist on balancing the old age security fund by 2-2-2 tax, or a 3-3-3 or a 4-4-4 formula, or whatever the minister may devise.

To the extent that old age security payments are paid out of the general revenues, out of revenues collected from the income tax and the corporation tax, to that extent they are being paid on a fairer basis than is the case with respect to the formula set up in the Old Age Security Act. Therefore, Mr. Speaker, I meant what I said when I started this speech, in spite of the fact the minister and other members were surprised and gave me that questionable applause. I meant to speak only for these few minutes to underline the point that there should not be any increase this year, next year or in future years in these special taxes under which old age security payments are made at the present time.

If additional moneys are needed, let them be found by increasing the income tax in the upper brackets, let them be found by increasing the corporation tax. While I am referring to this matter, Mr. Speaker, may I suggest that the time has come—my leader suggested it this afternoon in his remarks—for an increase in the old age pension itself. My leader pointed out that the federal government as long ago as 1945 had described itself as ready to accept the full responsibility for adequate old age pensions for all our people 70 years of age and over and of participating in adequate pensions from 65 to 69. The sum of $40 a month is not an adequate pension at the present time. I suggest that at the very least that figure should be $60 a month, and that could be paid and should be paid at the present time.

I strongly urge, Mr. Speaker, the view of the man in the street that it is very strange that parliament can find so much money for so many other purposes but cannot find it for increasing old age pensions. To the ordinary Canadian this is a sad commentary on the way in which this government operates. Therefore, Mr. Speaker, far from putting any pressure on the country to get ready for the idea of an increase in the old age security tax, I say that this tax should stay where it is or be reduced, but that the old age pension should be increased and that the funds necessary for increasing the amount of the old age pension should come out of general revenues on the basis of the income tax structure and on the basis of the corporation tax, for those are taxes which are paid according to ability to pay.

Just in the two or three minutes that remain to ten o'clock—and I am not adjourning the debate, Mr. Speaker, for as I said when I started, I wanted to speak just very briefly on this question—

Mr. Abbott: The hon. member is making a record for himself.

Mr. Knowles: In the two or three minutes that are left I wish to say that in addition to my feeling that something should be done at this session of parliament to raise the old age pension, I certainly hope that if nothing is placed on the order paper of this House of Commons before we go home for Easter, when we come back we shall find on the order paper notice of legislation to increase the amount of the war veterans allowance. I was hoping today that the Prime Minister (Mr. St. Laurent) in reply to my question on the orders of the day would be able to tell us before we go home for Easter what legislation remains to be introduced during the balance of the session, and that his answer would have included an amendment to the War Veterans Allowance Act. I urge, sir, very strongly that along with an increase in the old age pension, the old age assistance pension—and the blind pension too—there should be an increase in the war veterans allowance and in the permissible income allowed to recipients of that pension.

If anyone is saying: Oh, there is the C.C.F. again, asking for payments, asking for increases in old age pensions but not proposing any means for raising the money, I suggest,

Mr. Speaker, that there is on the order paper in my name a motion which I cannot now debate because of the rules of the house, asking for an elimination of the $60 ceiling on the old age security tax, for this very purpose; and just a few moments ago there was before this house an amendment in the name of my leader asking for an increase in income taxes in the upper brackets and for an increase in corporation taxes. When we make such proposals we have it in mind that that is a way in which money can be found to increase old age pensions and make these other improvements in social legislation which we feel should be made at this session of parliament.

On motion of Mr. Drew the debate was adjourned.

BUSINESS OF THE HOUSE

Mr. Harris: We shall continue this debate tomorrow.

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

HOUSE OF COMMONS

Tuesday, April 13, 1954

The house met at 2.30 p.m.

THE LATE ANGUS L. MACDONALD

TRIBUTE TO FORMER MINISTER OF NATIONAL DEFENCE FOR NAVAL SERVICES

Right Hon. L. S. St. Laurent (Prime Minister): Mr. Speaker, while I appreciate that it is not the practice of the house to pay tribute to the memory of other than members of the current parliament, I hope I may have the indulgence of the house to depart from the strict observance of that practice this afternoon. Exceptions have been made in the past in the case of former members of the house who had distinguished themselves particularly in the house in the service of their fellow Canadians; and I believe that Angus L. Macdonald served this country with such patriotic devotion and such distinction as a member of this House of Commons and of the government of Canada during the terrible emergency of the last war that it will be felt fitting that a tribute should be paid to him today.

His sudden death this morning brought to an end an active and particularly brilliant career on the Canadian political scene. We all know that Angus Macdonald won distinction in many fields, notably as a barrister, as a member of the federal government and of this House of Commons during those difficult years of the war, and as premier of his native province of Nova Scotia both before and after the war. Those of us who had the privilege of working with him admired his high qualities, which he placed so unstintingly at the service of his fellow Canadians. And, moreover, we all became deeply attached to him as a dear personal friend.

Angus Macdonald was never a man to spare himself. To the very day of his death he gave all of his great energy to the performance of those duties which have gained for him a permanent place in the history of this country. Canada and Nova Scotia have lost a great public servant, and I am sure members of this house who were his wartime colleagues will join with thousands of Canadians everywhere in sharing in a very personal way the grief of Mrs. Macdonald and their children, and also the government and people of Nova Scotia.

Hon. George A. Drew (Leader of the Opposition): Mr. Speaker, I know every member in the house will appreciate the fact that the Prime Minister (Mr. St. Laurent) has suggested a departure from custom in this instance, because I feel sure we would have been unhappy in our hearts had there not been an expression of this kind on behalf of the members here and the people of Canada generally in respect to the memory of a very great Canadian.

To many of us Angus Macdonald will be remembered even more for his personal qualities than for the great service that he gave. As the Prime Minister has pointed out, he made a tremendous contribution to the development of the military services of this country during the war. His role was that of the navy; and from a few small ships he saw that navy expand to a great fleet which contributed immensely to the cause of freedom for the whole world.

But I think perhaps most of us who have been confronted with this sudden news concerning the loss of a dear friend will remember him most for his admirable Scottish characteristics—industry, honesty, integrity and warm friendship. Political opinions never divided Angus Macdonald from those who held different views. Our friendship and respect for him go out at this time in full measure in memory of a man whom we all loved.

I suppose few Canadians had a deeper and more visible affection for Scotland than had Angus Macdonald. He was deeply proud of Scotland, of his Scottish ancestry and of Scottish traditions. In fact, he was a better Canadian because he sought to implant in his native province through his own activities those fine characteristics we all respect, no matter to what blood stock our race may run.

The story, which I believe is true, that I always liked best of Angus Macdonald was that he decided to welcome Ramsay MacDonald in Gaelic when he visited Canada; and having welcomed him in faultless Gaelic, he discovered that Ramsay MacDonald did not understand that ancient language. But it was symbolic of Angus Macdonald's love of Scotland and Scottish traditions that in the new Scotland in Canada he should seek to preserve them on an occasion of that kind. All of us today pay tribute to a truly great

Canadian. In these troubled days we cannot afford to lose men like him. I know that from everyone here with a full heart there will be extended to his widow and the members of his family, the deep and profound sympathy of all of us.

Mr. M. J. Coldwell (Rosetown-Biggar): Mr. Speaker, it is I think very fitting that the Prime Minister has given us an opportunity of paying our respect to a man with whom many of us were associated in this house during the war years. We remember when he came here. He came here not because he wished to come, but because he was called by the government of Canada to participate in the deliberations of the government in the conduct of the war during a very critical period. We all remember his charm and his integrity, and it came as quite a shock to those of us who knew him to know that another great—and I use the word advisedly—Canadian figure who had served his country so well in the capacity of minister of defence for naval services during the war had passed to his reward. On behalf of all associated with me, and I know on behalf of everyone else in this house, I join in expressing our appreciation of the life that he led, the service that he gave to our country, and our deep sympathy with his widow and family in their great and sudden sorrow.

Mr. J. H. Blackmore (Lethbridge): Mr. Speaker, the members of our group deem it entirely fitting that the Prime Minister (Mr. St. Laurent) should have taken this opportunity to honour Angus Macdonald in the way that he has done today. I had the privilege of sitting in the house when he was here, and while he had the responsibility of being minister of defence for naval services. I always associated with Angus Macdonald three words: stability, strength and serenity. The members of our group are pleased to join with the members of the other parties in paying a last farewell to Angus Macdonald and in expressing the most sincere condolences to those who are bereaved.

Hon. C. G. Power (Quebec South): Mr. Speaker, for some years I was honoured by being associated with Angus Macdonald in the course of our duties as members of this government. Angus left with those of us who were associated with him a memory of a man of intense patriotism without ostentation, forcible character without violence, of loyalty as a colleague and of the foremost natural friendship as a man. It is with the deepest regret that I note the passing of a man who did honour to the Nova Scotia which he loved, and to the Canada which he represented so ably in this house. To his widow and family, I think I speak on behalf of all those who were in any degree associated with Angus during the time he was here, I express the deepest and most sincere sympathy. He will go to his last resting place, in the soil of the Nova Scotia which he loved, carrying with him the love, the affection and the admiration of thousands of his fellow citizens, and also the word that will go all over Canada that he was a great Canadian.

Hon. Robert H. Winters (Minister of Public Works): Mr. Speaker, this is indeed a day of mourning for Nova Scotians everywhere, and I wish on behalf of my province to thank the Prime Minister, the Leader of the Opposition and those other hon. members who have spoken so feelingly on this sad occasion. All Canadians feel that they are losing a great public figure and a staunch friend.

The Hon. Angus Macdonald was long a symbol of Nova Scotia, and most of us saw in him the reflection of what we ourselves might wish to be. He had that warm and strong personality which easily transcends all differences of race, creed or religion. It was Angus Macdonald who did so much to weld together so many different peoples in Nova Scotia and make us a province that has already been proud of its role in confederation.

Farsighted and wise in his advocacy of the role of Nova Scotia in the life of this great country, he was to me a great friend and a wise counsellor in all those matters respecting Nova Scotia and Nova Scotians. Always a great admirer of Joseph Howe, whose statue stands so nearby his own office, Angus Macdonald will today take his place beside that great figure in the hearts and minds of Nova Scotians everywhere.

EXTERNAL AFFAIRS

IGOR GOUZENKO—RELEASE OF TESTIMONY BEFORE UNITED STATES REPRESENTATIVES

Hon. Stuart S. Garson (Minister of Justice): Mr. Speaker, hon. members will recall that on February 16, 1954 my colleague, the parliamentary assistant to the Secretary of State for External Affairs (Mr. Pinard), made a statement concerning the handling of the transcript of the proceedings of the meeting on January 4, 1954, at which Mr. Igor Gouzenko was interviewed by representatives of the United States government. In that statement the parliamentary assistant informed the house that in the latter part of January the Canadian government had notified the United States government that we

were prepared, if that government wished, to make public the transcript, with the exception of a few minor deletions, the reasons for which he outlined.

This month a note was received from the United States government requesting that the full transcript, minus our deletions, be made public by the Canadian government as soon as might be possible. I should therefore now like to table copies of this transcript.

In doing so, I should like to remind the house that prior to this interview Mr. Gouzenko had been interrogated exhaustively by security authorities many times, over a period of several years, since he first made himself available to us in the autumn of 1945. The appropriate security authorities of the United States government at all times had access to all Mr. Gouzenko's information without reservation. Although the transcripts of evidence which Mr. Gouzenko gave to the royal commission in 1946 and the reports of his other interrogations by security officers were not themselves made public, the bulk of the information contained in them was made public in the report of the royal commission published in 1946 and in the numerous articles written by Mr. Gouzenko and in the interviews granted by him to representatives of the Canadian and United States press during recent years.

Therefore, it will not be surprising to members of the house that the transcript of Mr. Gouzenko's evidence at this January 4 meeting discloses very little—if indeed there is any—information not already available to the public. Of course it does not disclose any information of a security type not previously known to the Canadian and United States security authorities.

I should explain that the reason why the transcript was not made public previously in view of the considerable interest shown in this meeting, was that the whole object of this meeting was to provide an opportunity to representatives of the United States government to interview Mr. Gouzenko on matters pertaining to the internal security of the United States. It was therefore not considered appropriate for Canada to make the transcript public unless so requested by the United States government, as it has now done.

As already explained to the house by the parliamentary assistant (Mr. Pinard) in his statement of February 16, 1954, a few minor deletions have been made in this transcript, in order to eliminate references either in the questions or in the answers publication of which in this context might jeopardize Canadian security investigations of individuals or organizations in Canada, or might be open to question on grounds of international propriety as relating primarily to the interests of a third country. In each case these deletions are marked by square brackets with indication of the number of words omitted.

Finally, I should like to say that Mr. Gouzenko has been good enough to read over the transcript and has testified to its completeness and accuracy.

[*Later:*]

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, I would like to direct a question to the Minister of Justice arising out of the statement he made a few moments ago with respect to Igor Gouzenko. In view of the extent to which Mr. Gouzenko has been revealing his identity, in his writings and in interviews, does the government feel there is any useful purpose in continuing to protect his anonymity by means of police protection?

Mr. Garson: Mr. Speaker, I think the question which the hon. member has just asked is not one which is appropriate on the orders of the day without notice.

Mr. Knowles: Perhaps the minister would answer it tomorrow?

Mr. E. D. Fulton (Kamloops): Mr. Speaker, I would like to ask the Minister of Justice a question with respect to the statement regarding the transcript just tabled by the minister with reference to the deletions made for various reasons, including the fact that this might involve a third country. Would the minister say whether more than one such third country was included, or whether only one was included? If so, whether that country was Russia and, if so, why it should be considered necessary to have regard to any feelings in that matter.

Mr. Garson: Mr. Speaker, I should think it would be rather obvious to everyone that the reasons for the deletions being made are the same as those which would apply with even greater force in regard to an answer being given to my hon. friend's question.

Mr. M. J. Coldwell (Rosetown-Biggar): Mr. Speaker, I would like to ask a supplementary question in view of the tabling of the transcript of this interview. When Mr. Gouzenko appears on television, as I believe he has done, is any prior, shall I say, censorship exercised over what he says, or may he say what he likes? If so, might not that practice conflict with the kind of precautions which the minister and the government quite properly exercised in regard to interviews?

Mr. Garson: Mr. Speaker, it is a practice which, I think it is fair to say, has never yet

conflicted, and I think I should also add that Mr. Gouzenko on every occasion on which he has appeared in court or before this commission, the proceedings of which I tabled today, has always given a very good account of himself as a witness.

[*Later:*]

Mr. Garson: Mr. Speaker, this afternoon the hon. member for Rosetown-Biggar (Mr. Coldwell) asked me a question to which I gave an answer and I should like now, in the interests of greater clarity, to make a correction of that answer to read as follows:

Mr. Speaker, our non-censorship of Mr. Gouzenko is a practice which I think it is fair to say has never yet conflicted; for I should also add that Mr. Gouzenko on every occasion on which he has appeared in court, on television or this examination the proceedings of which I tabled today, has always given a very good account of himself.

PRIVILEGE

MR. FRASER (PETERBOROUGH)—REFERENCE TO STATEMENT IN MONTREAL "GAZETTE"

On the orders of the day:

Mr. G. K. Fraser (Peterborough): I rise on a question of privilege, Mr. Speaker. In the Montreal *Gazette* of this morning, page 23, under the heading "Parliamentary News", there is a statement that works minister Winters says either the old customs building or Gordon Fraser, member for Peterborough, may be used as accommodation for a branch of the unemployment insurance commission. I wish to inform the minister that since I have been on a diet I do not think I have the necessary accommodation.

AIRPORTS

REQUEST FOR STATEMENT ON POSITION AT HALIFAX

On the orders of the day:

Mr. S. R. Balcom (Halifax): I wish to inquire of the Minister of Transport whether or not he is in a position to make a statement concerning the airport at Halifax, outlining the progress made to date, along with information which might indicate the probable date of starting operations.

Hon. Lionel Chevrier (Minister of Transport): I do not know that I can give a complete statement answering the hon. member, Mr. Speaker, but I may say this. We are desirous of building an airport at Halifax. As the hon. member knows, we have made surveys in the Lucasville area which indicated that weather conditions there were not better than those which prevailed at Halifax. Since then we have had a further survey made of the Kelly lake area near Halifax. This has been completed and an analysis of that survey indicates the Kelly lake area warrants further investigation on the ground.

To this end the department will send a survey party as soon as it is possible so to do in order to complete that investigation. For that reason it is not possible for me to say at this time when the construction will begin, other than to say that if reports in the Kelly lake area prove satisfactory, and subject to the city of Halifax providing the lands for airport facilities, then we will proceed with the construction of civil aviation facilities at Halifax.

NATIONAL DEFENCE

RADAR DEFENCES—RELEASE OF INFORMATION TO PUBLIC

On the orders of the day:

Mr. E. D. Fulton (Kamloops): I should like to ask the Minister of National Defence a question about radar installations because it is important for this country to know whether there has been a breakdown of security in his own department. Can the minister tell us how he reconciles his statement of yesterday that the giving of names and locations of government stations is permissible, with the statement made last year that such information would be most valuable to the only potential enemy we have.

Hon. Brooke Claxton (Minister of National Defence): I thought I made the position quite clear yesterday that the publication in the *Roundel* of individual names of men posted to radar stations was made contrary to security provisions laid down by the chief of the air staff and generally in effect throughout the armed forces. This was done through inadvertence of the editor.

GRAIN

INQUIRY AS TO CLEARING OF ELEVATORS AT SEABOARD PORTS

On the orders of the day:

Mr. G. H. Castleden (Yorkton): I should like to direct a question to the Minister of Trade and Commerce. What progress has been made in the clearing of grain elevators at Montreal and other seaboard ports in readiness for the flow of grain from the head of the lakes when lake shipping opens later this month?

Right Hon. C. D. Howe (Minister of Trade and Commerce): I would point out to my hon. friend that about a week ago one ship struggled through the ice and reached the port of Montreal. I believe it has since departed, but it took on package cargo more

valuable than wheat. I understand that other boats are on their way there, and as they are able to dock in Montreal and take on cargoes of wheat, space will be provided for western grain. We hope to see a considerable movement under way in about ten days, but unfortunately we have to wait for favourable weather.

TRADE

WEST INDIES—REFUSAL OF ALLOTMENT TO SUPREME POWER SUPPLIES LIMITED

On the orders of the day:

Mr. J. W. Noseworthy (York South): May I direct a question to the Minister of Trade and Commerce? Has his department received any application from Supreme Power Supplies Limited in Toronto for an allotment under the British West Indies trade liberalization plan? If so, was it rejected, and if it was rejected under what conditions may this company expect to secure a future allotment?

Right Hon. C. D. Howe (Minister of Trade and Commerce): The hon. member was kind enough to give me notice of his intention to ask this question. For the past four years the Department of Trade and Commerce has operated the British West Indies trade liberalization plan, under which Canadian exporters with a history of trade in the British West Indies in the base years 1946, 1947 and 1948 are entitled to quotas based on 40 per cent of their average exports in this three-year period.

In 1952, as a further measure of relaxation, the colonies agreed to the reallocation of unused quotas and we were able to take care of several Canadian manufacturers who had not been exporting in the base period. Unfortunately, the amount available was not sufficient to take care of all Canadian firms interested in the British West Indies market.

On October 17, 1952, Supreme Power Supplies Limited asked for a special allocation of $5,000 to cover the shipment of transformers to Bridgetown, Barbados. We pointed out to them at that time that we did not have sufficient funds, but if further existing quotas were unused we might be able to take care of them later in the year. Unfortunately, this did not prove to be possible. We have had no further request from Supreme Power Supplies Limited since 1952. If this firm is still interested in the British West Indies market we could give them a small quota at this time.

ROYAL CANADIAN MOUNTED POLICE

INQUIRY AS TO PURCHASE OF PATROL BOAT

On the orders of the day:

Mr. Donald M. Fleming (Eglinton): May I ask the Minister of Justice if it is not the policy of the Royal Canadian Mounted Police to purchase needed equipment in Canada when available from Canadian sources? If so, is that policy now being followed with respect to the purchase of a patrol boat which is to be a prototype of other boats required for R.C.M.P. services?

Hon. Stuart S. Garson (Minister of Justice): My hon. friend has not given me notice of this question but I will be glad to take his question as notice and look up the details of the case he mentioned.

CUSTOMS

REQUEST FOR OPENING OF OFFICE AT MILTON

On the orders of the day:

Miss Sybil Bennett (Halton): Mr. Speaker, I would like to direct a question to the Minister of National Revenue. In view of the urgent communications which I received this morning from the town council of Milton, would the minister tell the house when he expects to open a customs office in the town of Milton?

Hon. J. J. McCann (Minister of National Revenue): Mr. Speaker, the hon. member was good enough to give me notice of this question. Other than as indicated in the question, no recent representations have come to my attention concerning this matter. I shall, however, look into it and report the decision of the department when one is made. We are always willing to service any community where it can be shown that our services are necessary and that there is sufficient business to warrant the opening of an office.

CANADIAN NATIONAL RAILWAYS

SALE OF LITERATURE AT NEWSSTAND IN CHATEAU LAURIER

On the orders of the day:

Mr. W. B. Nesbitt (Oxford): Mr. Speaker, I would like to direct a question to the Minister of Transport. Is it the policy of the Canadian National Railways to permit the sale of the appalling trash sold under the name of literature on the newsstand of the Chateau Laurier hotel? If so, is this "literature" picked out for the hotel by any department, either the Canadian National Railways or the Department of Transport?

Hon. Lionel Chevrier (Minister of Transport): Mr. Speaker, I do not know to what my hon. friend is referring, but if he is referring to what I think he has in mind then it may well be that that is a matter which concerns a concessionaire. If it does concern a concessionaire, and of that I am not too sure, it is a matter over which the Canadian National Railways, and certainly the Department of Transport, would have absolutely no jurisdiction. However, if it is a matter which is under the direct jurisdiction of the Canadian National Railways, then I shall make inquiries and perhaps I can report to the house at a later date.

IMMIGRATION

DEPORTATION ORDER AGAINST MR. AND MRS. HENRI ZORIN

On the orders of the day:

Hon. W. Earl Rowe (Dufferin-Simcoe): Mr. Speaker, I would like to ask the Minister of Citizenship and Immigration if he would care to comment on the more or less controversial issue regarding a deportation order against Mr. and Mrs. Henri Zorin? I understand Mr. Zorin is a graduate of McGill University and his wife is a graduate of the Royal Victoria College.

Some hon. Members: What is the question?

Mr. Rowe: My question is this. Has the Minister of Citizenship and Immigration any comment to make as to the deportation order issued by his department against Mr. and Mrs. Zorin, in view of the fact he was only defending his wife in the streets of the city of Quebec?

Hon. W. E. Harris (Minister of Citizenship and Immigration): Mr. Speaker, this is the first I have heard of this matter but I shall look into the files and see what the situation is.

(See also page 4066.)

THE BUDGET

ANNUAL FINANCIAL STATEMENT OF THE MINISTER OF FINANCE

The house resumed, from Monday, April 12, consideration of the motion of Hon. Douglas Abbott (Minister of Finance) that Mr. Speaker do now leave the chair for the house to go into committee of ways and means, and the amendment thereto of Mr. Macdonnell.

Hon. George A. Drew (Leader of the Opposition): Mr. Speaker, for some years it has been customary for the Leader of the Opposition to wait until the closing stages of this debate to make such remarks as he deems appropriate in regard to the budget. I depart from that practice this afternoon for one reason, and one reason only.

One part of the budget speech, and a substantial part, raised an issue which it would be very unwise for the members of this parliament to ignore, and to which it seems to me we should direct our attention before the unfortunate consequences go beyond anything anticipated in the budget speech itself.

Already, since that budget speech was made in this house, bitter things have been said in different parts of Canada which are not contributing and will not contribute to national unity within this country. I regret that the Minister of Finance (Mr. Abbott) chose to adopt what I believe to have been an unnecessarily provocative manner in presenting a decision which it was entirely within the authority of the government to present to this house.

There is always room for debate on constitutional issues, and if there were not our law books would not be filled with the records of so many appeals to our senior courts to determine what the meaning of our constitution and other constitutions really is. It does not help national unity to seek to make this subject one which appears to be an isolated issue between the government of any one province and the government of Canada. Nor does it help national unity to have any provincial premier attacked in this house, no matter who that premier may be, because an hon. member of this house cannot agree with the point of view that a provincial premier expresses.

Every one of us comes from one of the ten provinces. We are not only citizens of Canada, but we also have a personal and very natural interest in the affairs of our own provinces as well. I do not think any one of us regards it as desirable that attacks on the premiers of those provinces be made in such a way as to appear that the mere mention of the name of a particular premier in itself suggested some improper association. I do not think those who have made such attacks would themselves welcome similar attacks on the premiers of their own provinces. This situation is not improving. It is getting worse day by day, and rapidly. The Minister of Finance (Mr. Abbott) took it upon himself to admonish those who choose press conferences to present constitutional opinions. Then having admonished others, he himself went on a press conference last night on the radio to deal with the very same subject. Evidently what is sauce for the goose is not sauce for the gander. The difference, of course, is that the radio press conference had a much wider audience.

One of the things which must be so noticeable to those who have been following this subject with deep concern—and I believe that most of the members of this house have been doing so—is the change indicated in the attitude of the government in one year. Last year in his budget speech the Minister of Finance said that the arrangements being made by the government for certain tax concessions were, and I quote the words:

. . . in accordance with the principle that nothing in federal legislation shall in any way discriminate against a province which does not enter into a tax rental agreement. This is in line with the declared intention of the federal government that nothing should be done which could be interpreted as pressure, direct or indirect, on any province to accept or renew a tax rental agreement.

This year the attitude is very different. This year the mere failure to accept such an agreement is in itself justification for dealing at arm's length with those who take that point of view.

Mr. Speaker, this attitude has already produced the inevitable consequences. In different parts of Canada things have been said which are inclined to disturb those deep, strong, warm and friendly feelings of understanding which have been growing, improving and maturing in the years that have passed. I greatly regret some of the statements which have been made in different parts of Canada and which seem completely to ignore the possibility that there is a constitutional issue. At the same time may I say that I greatly regret that there are those who have suggested that the good faith of the English-speaking part of our population may in some way be placed in issue. Mr. Speaker, I hope that comments of that kind in any part of Canada can come to an end and that this issue, like others, can be discussed on the basis of the legal and fundamental points involved.

As an English-speaking Canadian may I say that no one in this house or in Canada has a deeper or firmer belief in the sanctity of the British North America Act than have I. On many occasions I have expressed my belief in the sanctity of that constitution. Others in our party have done so, as have others of the English-speaking members on the other side of the house. Only because I think it is important that no suggestion of this kind should be permitted to becloud the issue now before us, I want to place on record once again what I said in regard to this very subject some considerable time before it was my privilege to sit in the House of Commons. As premier of Ontario I had occasion to discuss this subject on April 1, 1947. I quote from the *Hansard* of the debates in the Ontario legislature, and I do so simply to show that this subject is not one which impresses the people of this country only on the basis of their racial origin or of the part of the country in which they live. This was what I said on that occasion:

There are good reasons why the province of Quebec attaches special importance to the provisions of the British North America Act and is less likely to accept substantial changes which are made without the consent of that province and without adequate compensating protection, if any of their established rights are to be diminished. With good reason Quebec looks to the British North America Act as their guarantee of their own civil law, of their customs, of their language and their religion.

It would be well for all of us to keep in mind the reasons why those special rights were assured to the province of Quebec in 1867. The provisions of the British North America Act merely carried forward undertakings which were first given at the time of the capture of Quebec in 1759. Those undertakings were given statutory form in the Quebec Act of 1774 and repeated in the Constitutional Act of 1791.

It is not for anyone living in any other part of Canada today to question the wisdom of that decision. There can be little doubt that if those rights had not been granted the people of Quebec would have seen no good reason for not joining the other North American provinces which seceded and formed the United States, under the revolutionary war which began in 1775.

Nor is it likely that the soldiers of Quebec would have fought so gallantly and so successfully in the defence of British North America in the war of 1812-14 if the Constitutional Act had not reassured them of those rights in 1791, and in doing so gave them a good reason for remaining loyal to the British crown. In view of the fact that those rights have been undisturbed for nearly 200 years, there is no reason why the province of Quebec should accept any agreement which would have the effect of weakening their provincial government, and by centralizing financial power in the central government present the very real possibility of the establishment of a unitary government, in fact if not in name. If these deductions are correct, then those provinces which hope to maintain national unity will follow the course which it is possible for Quebec to follow as well. But, Mr. Speaker—

In that case, Mr. Speaker, I was addressing the Speaker of the Ontario legislature.

—in emphasizing the special reasons why Quebec would resist agreements which would weaken the federal structure and lead to centralization, I wish to leave no impression that it is Quebec alone which would be unwilling to lose control of its own local affairs. The people of Ontario are very properly jealous of their great traditions, and I do not believe that they would be willing to hand over the control within their province of their local customs, their administration of justice and their own long-established educational system.

That is what I said in April of 1947, seven years ago now, and some considerable time before I had any reason to consider the possibility that I might be here in this House of Commons. I hope these words, Mr. Speaker, will remove any possible suggestion that this is a subject which is only of interest to one province of Canada. This is a subject which is of interest to all Canadians, and I am sure the remarks I made about Ontario apply with equal force to other provinces of Canada. Certainly no Canadian expressed in clearer or

more emphatic terms his belief in the sanctity of the British North America Act than did that great Canadian whose memory we have respected in the house today.

Those who attended the dominion-provincial conference which met on August 6, 1945, will recall so well the strong, vigorous, clear and emphatic statements of the then premier of Nova Scotia, Angus L. Macdonald, who pointed out that his province dearly cherished those traditions, those customs and those laws which were preserved in that constitution. That was true, I believe, of every premier. This is a subject which is in no way confined to one province alone. This is not a problem which affects merely the government of Canada and the government of the province of Quebec. This is not a problem which can be solved by discussions between the government of Canada and the government of the province of Quebec alone. This is a subject which should be discussed at the earliest possible date so that consideration may be given to those circumstances which are bringing into the open statements which are certainly not helping the solution of this problem.

One point I wish to make with the utmost earnestness, Mr. Speaker, because I propose to present my arguments directly to the Prime Minister (Mr. St. Laurent) is that in many quarters this matter has been discussed as though it were an issue in which the Minister of Finance stood as an individual who challenged the rights of others in Canada. Under our parliamentary system, under our constitution, there is one man who accepts the central, final and supreme responsibility, and that is the prime minister of Canada. There can be no other situation. Under our system the representative of the crown does not appoint the members of the cabinet according to his judgment. The representative of the crown has the responsibility of calling upon an individual to form a government. That individual, if a government is formed, becomes prime minister of Canada.

The members of the government who are later sworn in are nominees of the prime minister. They are his nominees. They continue to hold office at his will and if they depart from the course laid down by common agreement of the government over which he presides it is his duty to ask for their resignation. If anything that has been said in the budget speech is unacceptable to any Canadian, then the person to whom the remarks should be directed is the Prime Minister of Canada. After all, it is the head of the government of Canada who must accept the central and final responsibility for any statements that are made in the budget or in any other official presentation of the government. In fact the Prime Minister must accept that responsibility more directly in relation to the budget than in relation to any other presentation to parliament. This, after all, is the presentation by all departments of government to this house through which they seek money by means of which, out of revenues from the people of Canada, the government headed by the Prime Minister can carry on its business.

That is the situation. It is, therefore, to the Prime Minister that I direct my remarks, and I do hope that in the discussion of this subject it will be the Prime Minister who will accept the responsibility for dealing with a situation which surely is one that cannot be contemplated with satisfaction by any Canadian today. I do think that before careless remarks are made, such as have already been made, we should remember the genesis of this problem now before us in so far as it relates to the exchange of certain taxing powers in return for certain annual payments. In 1942 it was stated by the government at that time, a government of which the present Prime Minister was a member, that these were only temporary arrangements for the duration of the war. Let me read the opening part of the statute which dealt with the agreements then made. The statute was assented to on the 28th of May, 1942 and is found in 6 George VI, chapter 13 of the statutes of 1942-43. It reads as follows:

> Whereas the dominion and the provinces and certain municipalities have been levying taxes upon incomes and upon corporations, and it is expedient during the continuation of the present war and for a certain re-adjustment period thereafter that the dominion only should levy such taxes: Therefore, His Majesty, by and with the advice and consent of the Senate and House of Commons of Canada, enacts as follows:—
>
> 1. This act may be cited as The Dominion-Provincial Taxation Agreement Act, 1942.
>
> 2. The Minister of Finance, with the approval of the Governor in Council, may enter into an agreement with the government of any of the provinces of Canada to provide, in accordance with and subject to such terms and conditions as may be set out therein, that the province and its municipalities shall cease to levy personal income and corporation taxes as defined in such agreement and subject to such exceptions as may be set out in such agreement, for the duration of the war and for a certain re-adjustment period thereafter, and to provide for the payment of compensation by the dominion to the province therefor.

The agreements which were signed contained this recital:

> Whereas the province shall not, by agreeing, as hereinafter provided, to desist from imposing certain taxes during the term of this agreement, be deemed to have surrendered, abandoned or given over to the dominion any of the powers, rights, privileges or authority vested in the province under the provisions of the British North America Act,

1867, or any subsequent act of the parliament of the United Kingdom, or to have otherwise impaired any of such powers, rights, privileges or authority—

And then the agreement went on to set out the details.

Mr. Speaker, in the face of those statements, it will be seen first of all that these agreements were dealing with the abandonment of income tax and corporation tax, and it was understood that there was to be no diminishing of authority, not only of the provinces but of the municipalities. And it is for that reason that we have included our reference—as we have on earlier occasions—to the provinces and the municipalities, in dealing with this subject.

Certainly there is room for difference of opinion. Certainly there is room for honest conflict of ideas in regard to this subject. Mr. Speaker, there is just one way that the discussions now taking place, and which have aroused already a great deal of feeling, can be terminated, and that is to have the assurance that this subject will be dealt with.

It is not just the province of Quebec; every province has indicated its desire to have this problem dealt with. When the governments of the provinces met the government of Canada in the city of Quebec in 1950, statements were made which indicated a very wide measure of agreement—a wide measure of agreement in regard to this constitution of ours, and the way in which we could solve the problem which had been brought to a head by these agreements entered into because of the dreadful necessities of war.

Mr. Speaker, my views on this subject are well known. My views on this subject have been put on *Hansard* too extensively on some occasions to meet with the approval of the government. On this occasion I have no thought of dealing with the history of this subject or with the various points of view which have been expressed. I prefer not to add in any way to the things that already have been said which might cause misunderstandings in regard to this extremely important subject.

It is now eighty-seven years since men of great vision, men of great faith, men of deep conviction and of great ability met in the city of Quebec to draft the terms of a constitution which would give corporate entity to the scattered units of population in this northern part of the North American continent. Let us reread the speeches of those men in those days—of Macdonald, Cartier, Galt and all those others who expressed their belief in the tremendous future that was opening up through the terms that had been arranged by agreement and common understanding.

Mr. Speaker, the time has come when the same kind of statesmanship, the same vision, the same faith and the same good will need to be shown today as was shown at Quebec in 1867. This is not the time to invite the premier of any province to seek consideration here in Ottawa. This is not the time for any premier of any province to be told that he may have the illimitable privilege of an audience with a cabinet minister. No, Mr. Speaker, this is the time for an invitation to be extended by the Prime Minister of Canada to the premiers and the governments of the provinces of Canada to meet and to discuss the way in which they can overcome these problems, and revitalize and bring back into harmony the details of the British North America Act.

There is one man who can do it. There is only one man who can call this conference together—only one. It is not very long ago that members of this House of Commons, without reservation, and with sincerity and warmth, indicated their approval of a trip then contemplated by the Prime Minister. It is not very long ago that all of us expressed our belief that good will between governments is extremely important in these difficult days.

Mr. Speaker, if good will between the government of Canada and the governments of India, of Pakistan and of Ceylon is important, then good will between the government of Canada and the governments of the provinces is infinitely more important. To the extent that we may accord to the Prime Minister of Canada those qualities which have been extolled by the followers who have been putting forward some of the views I have mentioned, may I say those qualities cannot better be used at this time than around a conference table here in Ottawa, where the premiers of the ten provinces and their associates would meet with the Prime Minister of Canada and his associates to discuss the constitution of Canada, and a way in which we may overcome these difficulties and retain that spirit of unity which has been our pride for so many years. Today, Mr. Speaker, has been a dramatic one. From different parts of the world has come disturbing news; from different parts of the world has come news which indicates how important it is that here in Canada we become as strong and united as possible in this great struggle for freedom in which we are engaged. This is a day in which it would be peculiarly fitting for the government to give a statement that I believe could put an end to those long-distance exchanges, either over the radio or through the press, or in any other manner, which can only create

accumulating misunderstandings, and during the time that this parliament is recessed could vastly increase the difficulties with which we are confronted.

Therefore, Mr. Speaker, leaving the details for another occasion—and it is certainly my intention to enter this debate and deal with the financial aspects of the budget later in the course of these discussions—leaving the details for the present, simply having sought to place before the house the problems that are before us, without in any way attempting to indicate all the things that have been said, which must have caused concern here in this house, I appeal to the Prime Minister of Canada to say definitely, without any reservation, before we adjourn for the Easter recess, that he will extend an invitation to the premiers of the ten provinces before the end of May to a conference here in Ottawa so that, with that measure of good will which we have been extolling on other occasions in this house, we may seek to rebuild that federal structure of which we are all so proud.

Mr. David A. Croll (Spadina): Mr. Speaker, I am sure that no one in this house will expect me to follow the main theme of the Leader of the Opposition (Mr. Drew), and I will not disappoint. I intend to discuss some aspects of the budget. I have already heard the budget described by opposition members in many terms. Some have been more colourful than others; but I think it could be most fairly described as one favouring free competition.

The underlying philosophy was reiterated by the Minister of Finance (Mr. Abbott) when he spoke on the Canadian Broadcasting Corporation's weekly press conference. He is reported in the *Gazette* of April 3 to have said:

> In the long pull an industry that cannot meet competition must cease to operate.

It is quite clear now that the budget provided no comfort for the protectionists. The minister repeated in the best Liberal tradition that high tariffs are a luxury that we in Canada cannot afford, and that our prosperity and high standard of living is largely dependent upon a high volume of trade outside our own borders and a large consumer demand at home.

In so far as it was possible under present economic conditions, the budget removed the tax element from competition, and by its underlying philosophy gave hope that in the future more will be done to make our goods more competitive at home and attractive abroad. The combines act, particularly the abolition of retail price maintenance, has brought about a greater competitive spirit in our economy and a direct benefit to the consumer. Some manufacturers have already started to cut costs, to promote efficiency in distribution and to rely on quality. Others are still not convinced, would rather not go to the trouble to work and hustle, and recently, through their spokesmen and in other ways, they have turned their big guns on combines legislation.

On the one hand, we have the view of a representative section of big business that combines and monopolies are not so bad after all. Indeed, the view is put forward in some sections that the combines investigations are nothing more than a witch hunt. That is the opinion of Mr. R. M. Fowler, president of the Canadian Pulp and Paper Association, as reported in the Toronto *Telegram* of January 30 last. Mr. Fowler even goes so far as to ask the question:

> Do we really want the law of the jungle to govern the business life of Canada?

By this I take it that he is comparing the law of the jungle with free enterprise, and that he is opposed to both of them. That is surely a surprising position for the spokesman of Canadian industry to take. On the other hand, we have the opinion of Mr. Justice Schroeder, of the Supreme Court of Ontario, in the recent rubber combines prosecution to this effect:

> By their plea of guilty, the accused have admitted that they were parties to an arrangement, the proper object of which was to impose improper, inordinate, excessive or oppressive restrictions upon that free competition, to the benefit of which the people of this country were entitled. Inherent in these illegal agreements of the accused companies are features so obnoxious to the welfare of the community that, if extended, the effect upon the public might become disastrous.

Faced with two such conflicting views, the man in the street may be forgiven if he is confused and uncertain as to the meaning and the purpose of combines legislation, and he asks himself, whether the combines legislation is a boon or a bane. Is the combines branch engaged in a witch hunt? That is one of the matters I intend to discuss this afternoon.

We have had anti-combines legislation in Canada since 1923. The act was amended in 1951 to forbid the practice of resale price maintenance. Then it was very carefully overhauled in 1952. Many hon. members who are here now will recall that. Since the Combines Investigation Act was passed in 1923, reports of 35 investigations have been published. Nineteen of these investigations have taken place since 1945, and a large number of prosecutions under the act have been conducted over the years. There is no question that the act has been vigorously

and intelligently administered. Indeed, that is one of the main objections to the act. They would prefer not to be investigated and prosecuted, and their objection, of course, is quite understandable.

The two points of view as to the current administration of the act are rather neatly summed up by two recent newspaper articles. The first is from the Winnipeg *Free Press,* and I quote:

> These latest decisions—
>
> The rubber decisions.
>
> —will certainly be welcomed as further evidence, if any were needed, that the Canadian anti-trust legislation is now being administered with a vigour and success unprecedented in the history of this country.

The next quotation comes from a different source, the *Financial Times* of Montreal, and it confirms the efficiency of the combines branch but in language that is not so complimentary. I quote:

> . . . the combines investigation crowd are working with assembly-line efficiency exhuming scandals in private enterprise. The scandal consists mainly in taking a profit; something that did not use to be a sin.

Well, there you have it. There is no need to stress the efficiency and vigour with which the combines act is being administered. But there is a need to clarify our thinking on two other matters. The first one is whether enforcement is effective, and the second that the principle and methods of the present legislation are not the best that could presently be devised. As to the effectiveness of the combines legislation as it is now administered, there can be no question. The effect is both positive and deterrent, as one gathers from the loud squeals of big business.

There is, however, a constant tendency to take every success that the combines branch achieves and twist it into an argument which goes something like this. If the conditions disclosed in the report on the prosecution could exist, then it is an indication that the legislation is not effective. Instead of giving credit for the prosecution of the offences that are disclosed, and recognizing their deterrent effect upon others, the stand is taken that the disclosures are proof of the ineffectiveness of the measures designed to maintain competition. This is, of course, the attitude of persons who welcome any material that they can mould into the semblance of an argument to support their political and economic philosophies. It is important that the public should not reach the conclusion that the Canadian economy is combine-ridden.

The fact that the combines branch is successful in disclosing, and the justice department in prosecuting, combines should be taken only as evidence of effective enforcement. There are very definite indications that the work of the combines branch is having a very real and widespread effect upon manufacturers and distributors. Each such case, and there have been many, is like a pebble dropped into a pond where the ripples extend far beyond the area immediately affected. So long as the enforcement of the act is vigorous and continuous, satisfactory results will be achieved. If its enforcement should be periodically relaxed, what has been gained will, of course, be lost. The businessman himself would suffer because he would be lulled into a false sense of security and the next period of activity by the department would catch him with his combines down.

There is very much evidence of competition throughout business. The electrical appliances field, the automobile field and the food field are examples of trades in which competition is very real and virile. Both the rubber fields and the optical fields are ones in which competition appears to have been restored following combines investigations into those industries.

Now, for a few moments I should like to consider the second question, that the principle and methods of the present legislation are not the best that could be devised. Here we are faced with a tendency in certain quarters to propagate the view that business is being unnecessarily harassed by the anti-combines legislation, and that the courts should not condemn combines just because they eliminate competition but only where positive evidence can be produced by the crown to demonstrate specific and undue price increases or other abuses. They go even farther and advocate that the legislation should be changed to require the courts to review each case to see whether the parties who have gained control over the markets have used that control to advance their own interests to the detriment of the public or whether they have exercised it in moderation for the benefit of the industry and the public.

I particularly want to take issue with this tendency which is aimed at undermining the whole anti-combine structure as it has been built up over the years. As an example of the view expressed by the opponents of the legislation, I should like to refer to a speech made by J. D. Ferguson, president of the Canadian Manufacturers Association, at Granby on November 26 last. The view expressed by the president of the Canadian Manufacturers Association is that whenever a combine charge is brought the courts should not concern themselves with the

elimination of competition but should examine the arrangements in detail to see if the prices and other terms that have been fixed by the parties are reasonable. If they do not take that approach, then the courts are shirking their responsibilities.

It is interesting in this respect to place beside each other some of the statements of Mr. Ferguson, as spokesman of the Canadian Manufacturers Association, and those of the judge in the last two rubber cases. I quote from Mr. Ferguson:

> . . . when the groups of businessmen pleaded guilty, it did not mean for a moment that they were admitting they had done anything detrimental to the public.

Mr. Justice Schroeder says:

> . . . by their plea of guilty the accused have admitted that they were parties to an arrangement, the direct object of which was to impose improper, inordinate, excessive or oppressive restrictions upon that free competition to the benefit of which the people of this country were entitled.

Mr. Ferguson says:

> It is perfectly possible that the public has been unaffected. It might even have benefited.

Mr. Justice Schroeder says:

> Inherent in these illegal agreements of the accused companies are features so obnoxious to the welfare of the community that, if extended, the effect upon the public might become disastrous.

Mr. Ferguson says:

> All they admitted was that they had committed a technical breach of the law . . .

Mr. Justice Schroeder says:

> In determining the punishment . . . the court must have regard to the magnitude of the aggregate business involved and the far-reaching evil consequences likely to flow from allowing such schemes to operate unchecked or to go lightly punished.

You can readily see these utterances of the judge leave no doubt that the court considered the elimination of competition not to be merely a technical offence, but to hold a really serious and sinister implication for the public. The court's interpretation of the combines legislation is worth looking at. As early as 1905 the court said, and I quote:

> The right of competition is the right of every one, and parliament has now shown that its intention is to prevent oppressive and unreasonable restrictions upon the exercise of this right.

In 1940 the Chief Justice of Canada said, and I quote:

> The enactment before us, I have no doubt, was passed for the protection of the specific public interest in free competition . . . and, as the enactment is aimed at protecting the public interest in free competition, it is from that point of view that the question must be considered whether or not the prevention or lessening agreed upon will be undue.

In the recent Calgary bread case the judge said this had been the law for 62 years. In 1952 parliament reviewed the legislation and strengthened it in certain important particulars following the recommendation of the MacQuarrie committee, which confirmed the principles of the legislation as interpreted by the courts. To say that the courts are shirking their responsibilities in not interpreting legislation properly is therefore unfair to the courts and contrary to the record.

Of course, Mr. Ferguson is not only dissatisfied with the ability of the courts to interpret the legislation; he is also critical of the ability of parliament to understand and enact such legislation, because parliament is not composed largely of businessmen. The Winnipeg *Free Press* recently pointed out that the logical extension of this view would mean that in considering the Bank Act the house should largely be made up of bankers; and in considering the wheat agreement it should be made up largely of farmers.

Let us further examine the point on competition which has given the North American continent the highest standard of living today that has been enjoyed in the history of any nation at any time.

Those who would run after new gods have a very heavy responsibility. Competition is concerned, not only with the reasonableness of today's prices on the basis of today's costs, but also with the improvements in efficiency, and with innovations which make for lower costs and lower prices tomorrow. The public has the right to ask that business hustle, cut costs, and expand markets.

It is a fact that in some combine cases it is very difficult to prove that prices have been unduly increased, but it must be remembered that without today's competition tomorrow's costs and tomorrow's prices may be entirely different from what they will be if competition is maintained.

The present prosperity of Canada, and this is also true of the United States, is not the result of the theory that prices are reasonable, but rather due to the fact that they are the best prices that an active competition can produce. It is a fact that nearly all of the combines reported upon up to the present time are entirely or substantially price fixing combines. In all such cases the agreements in whatever form had this in common that the participants would not sell below the common prices that had been agreed upon. It would be naive indeed to believe that the effect and the purposes of such agreements were not to raise prices, and in many cases, of course, there was direct evidence of substantial increases as a result of agreements.

One wonders whether the opponents of the present legislation really believe the public

would be satisfied with a system under which trade and industry were permitted the privilege of setting prices upon their own views as to what was best for the public. It seems to me that the public would have little confidence in such a system. They would soon demand that if prices were to be fixed by other than the free market they should be fixed by some government body upon which the consumer would have representation.

Are we to assume that business, big or little, welcomes consumer participation in price fixing? I doubt that very much.

Mr. Justice Schroeder, in delivering his reasons for judgment in the recent rubber case, gave a broad hint of what would be involved if the courts undertook to examine the "reasonableness" of prices, instead of restricting themselves to the question of the elimination of competition which is detrimental to the public. Mr. Justice Schroeder pointed out that if he were to discuss prices from this standpoint, and now I quote:

> . . . there should be satisfactory information as to the capital structure of the company and accurate information as to executive salaries, extraordinary expenses, advertising costs and like matters.

I think it is quite obvious that if the courts were to take the responsibility for saying that prices were reasonable, the courts would also have to take the responsibility of saying that executive salaries, dividends, reserves, expenditures including the very much cherished expense accounts, and so forth, were not unreasonable.

Would the opponents of the combines legislation really prefer this to a free enterprise system? It may serve their purpose in argument to call free enterprise "the law of the jungle", as the president of the Canadian Pulp and Paper Association did recently; but are they prepared to exchange free enterprise for unfree enterprise? I am sure they are not, and I find it difficult to understand what these persons who wish combines to be tolerated expect to gain, and particularly is it hard to understand what they expect to gain as against what they would throw away. They say they are not looking for the privilege of raising or fixing prices. They are only asking for the privilege of making some moderate rules on the stabilization of trade. Yet other industries have been able to carry on successfully on the basis of purely competitive practice and without any attempts at collusion. The persons to whom I have referred have never demonstrated why, in their particular industries, this cannot be done in the same manner. Are we to assume that, for this extremely doubtful privilege, they are willing to throw away the rule of law, whereby parliament lays down prohibitions against certain types of bad business behaviour in favour of a system that would, of necessity, involve a far-reaching interference of government in their businesses?

Despite vigorous denials, it cannot be too strongly emphasized that an invitation to pass upon the reasonableness of prices is an invitation to regulate. The opponents of the present legislation vigorously deny this and say that all they ask is the privilege of fixing by agreement certain conditions of trade, so long as they exercise that privilege in a moderate and reasonable fashion. How is the public going to be informed as to the moderation or the reasonableness of manufacturers or distributors on whose councils it has no representation? The public surely are not so gullible. They would demand and would be entitled to a measure of government regulation which could not and should not be denied to them.

The public have had their eyes opened recently. Their confidence in certain business leaders must have been severely shaken by the results of the rubber investigation and the electrical wire and cable investigation. It would seem to me that they would be much more reassured if men in the position of the president of the Canadian Manufacturers Association and others were to advise the members of the association that the Combines Investigation Act and related sections of the Criminal Code are the law of the land and are to be obeyed and that infringements of them are not merely technical offences.

It seems to me that men in the position of Mr. Ferguson are doing no service either to the public or to the people for whom they pretend to speak when they attempt to whitewash such offences and to lead the persons concerned to believe that they are being dealt with unjustly and that it may be only a matter of time until the legislation is changed. I am firmly of the view that Mr. Ferguson's and Mr. Fowler's associates should condition themselves for a long life with this act and its rigid enforcement.

Like many others, I am amazed at what has happened in the economic development of Canada during my lifetime. We have come a long, long way from the predominantly agrarian economy of fifty years ago. It is as though Canada had been almost standing still since the days of Cartier and Champlain and then, suddenly, in little more than half a century, had blossomed into a great industrial nation, second to none in productivity and prosperity. There is no magic formula for our growth. It was accomplished by the union of two great forces: hard work and

freedom. Without both of those forces we would not be where we are today; and without both of them we shall not continue to thrive and prosper.

This country is founded on the bedrock of free enterprise. The president of the Canadian Pulp and Paper Association may choose to call this "the law of the jungle". But does he really believe that it would be an improvement to permit the lions and the tigers to form a combine? I am certain that the other inhabitants of the jungle would not agree with him.

The aim of the combines legislation is to protect the public interest in free competition. Those who are trying shortcuts have no licence to exploit or to profiteer, nor will they be granted one. They are jeopardizing free enterprise from within by their greed and lack of initiative. Combines, if allowed a free hand, can become a new form of government at a different level. This result we cannot permit.

The Minister of Justice (Mr. Garson), in carrying out the wishes of parliament under the combines act, has shown high political courage. His outlook has been oriented to the present and the future, and he has not failed to understand the political climate of the day. His industry, sincerity and devotion to the public interest is demonstrated by his insistence that business relearn and apply the fundamental principles of competition to the home market and to the highly competitive foreign market. For that insistence he has earned the commendation of this house.

If we are not timid tomorrow and do not waver in applying this philosophy, the future will reward us by providing for this country greater markets and a yet higher standard of living for our people.

Mr. H. R. Argue (Assiniboia): Mr. Speaker, in the speech he delivered this afternoon the Leader of the Opposition (Mr. Drew) called on the Prime Minister (Mr. St. Laurent) and the federal government to have another conference with the ten premiers of the provinces of Canada. From the remarks of the Leader of the Opposition it was not clear just what purpose such a conference might serve. Surely it would be a waste of time for the premiers from nine of the provinces to sit in on a conference that was discussing the "beefs" of Premier Duplessis of Quebec. I therefore do not understand what was in the mind of the Leader of the Opposition, as to just what kind of conference it would be or what would be discussed. I think the most significant aspect of this discussion on dominion-provincial relations, particularly the action of Premier Duplessis in Quebec, is the silence of the Prime Minister. The Prime Minister has not yet, to my knowledge, made any public statement on this controversial matter. Because he is the Prime Minister and also because he is from the province of Quebec, I believe he owes it to the country to discuss this question on the floor of the house.

I am not opposed to the calling of a dominion-provincial conference; in fact I think a great deal of good might come from such a conference. But I believe its discussions should centre around problems that must be solved and solved soon. I think such a conference should consider what is to be done about the half a million unemployed in Canada. The federal government might tell such a conference what plans, if any, it has with respect to a shelf of public works. Such a conference might usefully spend its time discussing what is to be done with the huge surplus of grain and the crisis that now faces agricultural producers. I say that if such a conference takes place it should consider solutions to the very great economic problems facing the country at this time and should not merely consider the "beefs" of one particular provincial premier.

As time has passed during this session, the Minister of Trade and Commerce (Mr. Howe) has made it more clear all the time to anyone who knows anything about conditions in western Canada that agriculture there faces very serious difficulties indeed. He announced that a seven bushel per acre quota was the most that farmers could hope to deliver and, as a matter of fact, he said it was something that should make everybody happy. But it was the worst news that western Canada has had in many years. This is a return to the situation in 1929 when huge surpluses of grain were going unwanted. Our farmers have been good producers. Nature has been kind. They have produced good crops, but because of policies followed by the government they now find it impossible to market their crops.

The Minister of Trade and Commerce rises in his seat periodically and says that everything is fine, that farmers are earning large incomes and that sales are good, but these statements are not borne out by the facts. The wheat economy in Canada is in a crisis right now, and that crisis is spilling over into other fields. If you want to correct unemployment in Canada, put some purchasing power in the pockets of western farmers. Take steps to buy their grain, and in my opinion there will be no unemployment in a matter of a few short months.

Letters coming to western members of parliament in increasing numbers now show

just how bad the situation is. It is true that so far in this crop year a substantial quantity of grain has been marketed, but the great bulk of that grain was marketed in the early part of the year and as the months have gone by less and less grain has been sold. I wonder what the members of the cabinet would think if they were faced with the situation pointed out to me by the secretary of a farmers' union lodge in my constituency, Mr. T. W. Bennett of Willow Bunch. He points out that at a recent meeting of the Willow Bunch lodge the cash position of the farmers of that district was surveyed and the farmers were found to be so short of cash that it was decided to send a delegation to the rural municipality to see if the municipal council would provide the farmers with relief fuel so that they could sow their crops this spring. I wonder what members of the cabinet would think if they were farmers, had 5,000 bushels of wheat in their granaries and had to go and beg two or three barrels of gasoline from somebody in order to sow their 1954 crop.

If the farmers can only deliver seven bushels per acre farmers will suffer and the merchants in the small communities will suffer with them. Sales are getting smaller as the months and weeks go by. Two years ago, according to the *Wheat Review* of March, 1952, importing countries had bought 213 million bushels of wheat out of a total of 233 million bushels fixed as Canada's quota under the international wheat agreement. Over 90 per cent of all the grain contracted for had been sold by March 18. One year ago sales had fallen off considerably. Out of a quota of 235 million bushels 159 million had been purchased as of March 24, or approximately two-thirds of the quota under the agreement. The latest figures for this year, which are up to March 30, show that of Canada's quota of 163 million bushels under the international wheat agreement only 71 million bushels have been sold. In other words, even though there are only four months left in the present crop year Canada has supplied only 44 per cent of its quota under the agreement.

Sales are falling off week by week, but what does the government do about it? Literally nothing. It has been announced that the United States government has made gifts of wheat to Japan in conjunction with purchases by Japan of United States military equipment. On March 11 I asked the Minister of Trade and Commerce a question in that regard and in reply to my question whether such a gift was being made the minister said, as found at page 2883 of *Hansard*:

> In the first place, Mr. Speaker, I am not aware that it is intended to give 500,000 tons of wheat to Japan. In the second place, that would seem to be the business of the United States government regarding which that government would not welcome protests from other countries.

The minister had no knowledge of such a gift and said that no protests would be made. But, lo and behold, eight days later, in answer to a further question of mine on the same subject, he made this reply, as found at page 3148 of *Hansard*. Listen to this:

> The United States informed Canada some weeks ago that they considered the food situation in Japan would warrant a gift of wheat and barley under section 550, and asked if we had objections.

Eight days before the minister said that he had no knowledge, and on March 19 he said that they knew about this transaction weeks before. The minister cannot be right both times, and certainly on one occasion he was misleading the house and misleading the country.

Mr. Martin: I am sure the hon. gentleman does not want to say that the Minister of Trade and Commerce was misleading the house. That is not parliamentary, and I am sure my hon. friend does not mean to leave that impression.

Mr. Argue: I meant exactly what I said. If I had meant to say anything else I would have said it. The minister has raised a point of order, Mr. Speaker, with respect to whether or not my statement that the Minister of Trade and Commerce was misleading the house is parliamentary. I submit to you that it is. It is my understanding of the rules that if I had said that the minister was deliberately attempting to mislead the house such a statement would not be in order. I leave the matter in the hands of the Speaker. I have no intention of withdrawing my remark unless the Speaker rules it unparliamentary, which I submit it is not.

Mr. Deputy Speaker: Order. The hon. member must know that he cannot impute motives to another member of the house. When he says another member is misleading the house, he is imputing motives and I feel the hon. member should withdraw.

Mr. Argue: If my language was not strictly parliamentary, I withdraw that part of it that may be offensive to the rules of the house. And I leave those two statements side by side on the record, and say that the Minister of Trade and Commerce (Mr. Howe) was wholly wrong on one occasion, and I also say that the Minister of Trade and Commerce is a sufficiently able man that he is not wrong very often without knowing it. Here are two statements that are completely opposite. Then he goes on to say:

> We said that we were negotiating with Japan and we had objections at that time.

Eight days before, no objection was to be made to the United States because, according to the minister, it would not be the right thing to do. Yet, eight days later he referred to objections made, and the sentence before that says "some weeks ago". I will ask the Minister of National Health and Welfare (Mr. Martin) which is correct. Did the government know that Japan and the United States were undertaking such an arrangement weeks before March 19, or did the government know nothing about it, as was stated on March 11? In any case, a delegation went from Canada to the United States, and a very impressive delegation it was. There was the Secretary of State for External Affairs (Mr. Pearson), the Minister of Finance (Mr. Abbott), the Minister of Trade and Commerce, and the Minister of Agriculture (Mr. Gardiner). They went to Washington to meet their counterparts in the United States government to discuss, I expect, the very important trade problems facing Canada and the United States, including the matter of surpluses. Then they came back to Canada and a statement was made concerning the results of that conference. That statement gave us absolutely no information. It was just words and said nothing from which anyone could derive any hope.

I should like to quote from an editorial appearing in the *Western Producer* of April 1 in which an excellent comment is made on the statement to which I have referred. I think this editorial states very well indeed the real facts regarding the statement made by the Minister of Trade and Commerce.

Mr. Abbott: Mr. Speaker, I think the hon. member for Greenwood (Mr. Macdonnell) was stopped yesterday from reading editorials. He was asked to express his own opinions. Of course I am always very interested in my hon. friend's opinions—more than I am in the opinions of the editorial writer in the *Western Producer*.

Mr. Deputy Speaker: The hon. member understands, of course, that he cannot read from a newspaper or other article commenting upon action taking place in the house.

Mr. Argue: Well, I shall not quarrel with Your Honour's ruling or with the objection taken by the Minister of Finance. I know of course that he does not like the editorial comment.

Mr. Abbott: I would rather have your comment.

Mr. Argue: So I shall paraphrase what the editorial says.

Mr. Abbott: Can you not speak for yourself?

[Mr. Argue.]

Mr. Argue: Well, if I could not, I judge I would be in about the same position as was the minister on the night he delivered his budget.

Now, the editorial states that after making due allowance for the vagueness—

Mr. Abbott: Are we obeying the rules, Mr. Speaker, by paraphrasing?

Mr. Deputy Speaker: In the interval I have found the citation to which I shall direct the attention of hon. members. Citation 306 in Beauchesne's second edition is as follows:

> It is not in order to read articles in newspapers, letters or communications emanating from persons outside the house and referring to, or commenting on, or denying anything said by a member or expressing any opinion reflecting on proceedings within the house.

I hope the hon. member will abide by the rules.

Mr. Argue: I think I shall, Mr. Speaker. I should point out, however, that the statement was not made in this debate by the Minister of Trade and Commerce. I submit that to quote from an editorial which comments on a statement made by a minister when the orders of the day are called is scarcely something that reflects on proceedings in the house. But if the reading of an editorial of this kind is offensive to the Minister of Finance, and if he is such a tender person that the reading of an editorial would bother him—

Mr. Abbott: No, not tender.

Mr. Argue:—then I shall not read the editorial. I shall refer however to some of the things the editorial says.

Mr. Abbott: Make the statements your own.

Mr. Argue: The editor says, in so many words: Here were four big guns of the Canadian cabinet who went to Washington. They laboured hard and long and they brought forth a small and puny mouse.

Mr. Abbott: Very original, that!

Mr. Argue: Well, perhaps it may not be very original, particularly when one has been a member in the house for some years, with the government opposite in power. That government is most prolific in having given birth to innumerable mice over the years. And this is certainly one of them. However I wish to thank the Minister of Finance for the help he is giving me in making my comments.

Mr. Abbott: Always willing to oblige.

Mr. Argue: The editorial says that the whole statement is reminiscent of the thirties, and that the government here is just as

unable now to cope with surpluses as was the government in the thirties. The editorial goes on to say that—

Mr. Abbott: Oh, oh—the editorial again.

Mr. Argue: Does the minister want to object? I am paraphrasing it.

Mr. Abbott: Oh, I see.

Mr. Argue: I am not quoting it. The editor goes on to say that surely this is something that should be corrected, and that it is a reflection upon Canada and the government when the government cannot solve the problem of the huge surpluses of food in a world that is hungry.

Anyway, we saw the four cabinet ministers going to Washington. And when the Minister of Trade and Commerce made his statement one of the phrases he used—and I am paraphrasing again, so that it will not offend the minister—

Mr. Abbott: You do not have to paraphrase that.

Mr. Argue: Anyway they said that they were advancing on a bold front.

Mr. Abbott: A wide front.

Mr. Argue: I would like to know what was accomplished in Washington, because if anything was accomplished we were not told about it. And how would the government expect to accomplish very much in going to Washington? The Minister of Trade and Commerce gets up day after day in the house and says that everything is fine, that markets are good, that the economy is buoyant, that farm income is at the highest peak and that the outlook is bright. Then he goes down to Washington and says, "We are having all kinds of trouble; would you help us out?" I can just imagine someone quoting some of the statements of the Minister of Trade and Commerce back to him. Then the ministers decide that in order that they might come back with at least a mouse they should decide on agreeing to issue a most innocuous press release that says absolutely nothing.

Here is a situation fraught with great danger for Canada. The over-all surplus of wheat on February 1 in the four major exporting countries was 1,907 million bushels. The Minister of Agriculture says: "Well, the thing to do with this big surplus—and of course the farmers will do it—is to turn some of it into meat." Every economist in the Department of Agriculture right now is advising the minister that the price of hogs is going to go down very drastically this fall, with the larger number of hogs coming on the market.

Would the Minister of Agriculture suggest that the farmers feed more cattle? In 1951 Canada's cattle population was 8,400,000. Last year it was up to 9,800,000. The cattle population of this continent has increased from 90·4 million to a present 105 million head, the largest number of cattle in the history of North America. Cattle numbers have gone up tremendously in the last two years, and the price of cattle has fallen. What is going to happen? What would happen if farmers fed increased quantities of grain to livestock? I know what would happen, and the Minister of Agriculture must realize what would happen. There would be another further drastic drop in cattle and hog prices.

The debates centring around the export of wheat today remind me of the debates that took place in this house in 1946, 1947 and 1948, when C.C.F. members were warning the government that they were losing the British market for Canadian bacon, cheese and other farm products. What were we told? We were told that it was nonsense; that we were not losing the British market. Well, history now shows that the members of the C.C.F. were right. The British market has been lost as a direct result of the economic policies of the Minister of Finance of this country. And markets will continue to be lost so long as we demand hard currency dollars that our customers have not got.

The Minister of Finance has his ideas of finance and trade. I have different ideas. My ideas are just simple ones. I believe that when one nation has huge surplus quantities of food and people in other nations are hungry and suffering from malnutrition, it is our duty and their duty to take whatever financial and other steps that may be necessary to move our surplus food to feed people who need it. The people in the United Kingdom could use Canadian food.

Two-thirds of the people of the world are hungry. We have so much food on this continent that farmers are fearful of the future, and yet this government does not make a single, financial move to get rid of any real part of those burdensome surpluses. Oh, they went to the United States and held a big conference and came back. They say they are advancing on a bold front, but we are not told where they are going. The Minister of Finance I suppose gave part of the broad advance in his budget the other night, and that was a depression budget if I ever read one because in it was one very

significant statement. The minister said: "I am basing my budget on the same gross national product this year as last year." The year before 1953 Canada's real production went up 4 per cent. The year before that Canada's real production—

Mr. Abbott: It was 5 per cent.

Mr. Argue: —went up 5 per cent.

Mr. Abbott: It was 5 per cent last year.

Mr. Argue: All right, 5 per cent last year. The minister's statement makes the position even worse than I was going to paint it. The Canadian people are capable—and I put this to the minister—once again in 1954 of increasing the real production by 5 per cent, but the government will do nothing to lay plans for such an increase in production. And therefore the 5 per cent increase in income that should result from an increase in our population and improvement in technology is being denied the people of Canada because steps are not taken to put 500,000 people back to work. Steps are not being taken to put money into the pockets of agricultural producers. This government apparently has learned nothing in the last twenty years.

Farm income went down 11 per cent in 1952, went down 14 per cent in 1953 and it is going to go down a further large percentage this year. That drop in farm income, unless it is arrested, is going to spill over into the rest of the economy and is going to have very serious economic repercussions.

The minister, in his budget—part of his great advance on a broad economic front—made some changes; he took off some taxes. The minister can say that half a million unemployed as a result of tax reduction on furs can now buy their wives mink coats a little cheaper. I suppose the unemployed can now buy a bag of golf sticks just a little bit cheaper. They have lots of time to play golf. They can go and get fishing equipment a little cheaper. They are not making any money but they may be able to get the equipment on credit. They will not be charged quite so much, and they can go fishing, too. This is a black budget; it is a depression budget, and in parts of Canada, particularly western Canada, the farmers are not waiting for a recession. They are not hoping against a recession or a depression; for them it is right here. They have no cash. True, they have all kinds of wheat and still their families must go without many of the necessities of life.

Then the government has another plan on this bold, broad economic advance. They have a Colombo plan to help feed the people of underdeveloped countries. It is part of a program to raise living standards in southeast Asia. Canada's contribution under this government to feed people in southeast Asia, to lift their living standards, is the magnificent one of less than the cost of a postage stamp for each person living in southeast Asia. That is not a contribution that is worthy of the generosity of the Canadian people. The only reason Canadians are not contributing more to help underdeveloped countries is the lack of imagination, lack of leadership on the part of this Liberal government. People in the world are starving and the Canadian farmer has so much wheat he does not know what to do with it. He cannot get any money and the Minister of Finance rises in his place and says: Well, the real production is going to stay the same; I am going to make a few insignificant changes in income tax; that is all. He should have reissued the budget of a year ago. There would not be too much difference between then and now.

Unless something is done soon we are not only going to have a reduction in the standard of living for large sections of the Canadian economy, but we are likely to lose some of the friends that we have in countries of the world if we do not come to their assistance. I believe we should make a real contribution, not a trifling, stingy, insignificant one of $25 million. Resolutions come to my desk from church organizations, from clubs of all kinds. I believe the Canadian people almost unanimously would support a very much larger contribution to underdeveloped countries. There is a place where we could get a lot of money to provide food, technical personnel and capital equipment to help underdeveloped countries.

Mr. Crestohl: Will the hon. member permit a question? In what way would the hon. member suggest that the people of Canada should be taxed in order to be able to make a more generous contribution to the Colombo plan?

Mr. Argue: That is a very important question! It shows the mentality of the Liberal party. It is no different from the party that was in power from 1930 to 1935. We have unemployed, and there is too much food in the country, and when some reforms or some expenditures are suggested they say: Well, who are you going to tax? All right; who are you going to tax? You can tax big business and raise the tax on corporation profits.

Mr. Abbott: Put a special tax on members of parliament.

Mr. Argue: Hear, hear; and raise succession duties. Then, if there is not—

An hon. Member: Time.

Mr. Argue: I am replying to a question, now. If there is not sufficient from that source the government might use the policy it used in the early years of the war and put our unemployed resources to work, namely by an expansion of the money supply. That is not going to hurt anybody of whom I am aware. I am willing to make a little wager with the Minister of Finance that the result of his budget this year will be a deficit, unless of course he does a lot of manipulation with the budget figures.

Mr. Abbott: You had better cover up there.

Mr. Argue: Then I shall suggest another place from which the money might come, and once again you would not have to dig into the pockets of the little taxpayer. I suggest the time has now arrived when the government should consider a substantial scaling down in its estimates for the Department of National Defence. I feel that one hydrogen bomb probably has as much offensive power in it as a billion dollars in the Department of National Defence. I do not know, because I am not a military expert. I believe, however, that Canada should take $500 million of the amount in its defence department now and spend that money on raising the living standards of the people in Asia, South America and Africa. We would then be making our greatest contribution towards peace.

Mr. J. H. Blackmore (Lethbridge): It is my purpose today, Mr. Speaker, to discuss the need for a Canadian royal commission on communism. Some hon. members will have noted that on February 11, 1954, there appeared upon the order paper a resolution in my name calling for the immediate appointment of such a royal commission. This resolution came upon the order paper so late in the year it has been impossible for me, under the rules, to discuss it until the coming of the budget debate. In order to clear the way for me to debate the resolution I asked on April 9 that it be withdrawn from the order paper. This was done.

As the resolution stood as No. 18 upon the order paper of April 9, it read as follows:

Mr. Blackmore—The following proposed resolution:—That, in the opinion of this house, the government should give consideration to the immediate appointment of a royal commission to study and report upon the whole matter of communism as it affects Canada, to determine and make known:

1. What is the basic origin of communism?
2. What are the techniques communism has employed?
3. What is the degree of success communism has attained in Canada?
4. What are the possible means available to Canada of combating communism in Canada?

As I suggested that resolution on February 10, clause 1 read as follows:

Whether, and to what extent, communism is basically an imperialist conspiracy of eastern European reds of an ethnic grouping possessed of Mongol and Turkic affinities—a Mongolian-Turkic-Red conspiracy that has, from its beginning, aimed aggressively at actual physical invasion, conquest and enslavement of America; a conspiracy that has employed and still employs the various brands of socialistic and communistic ideology merely as a sort of sheep's-clothing disguise to conceal the real facts beneath communism.

The appropriate parliamentary officials, in the interests of our rules, advised me to modify my clause 1 to render it more nearly in order, and the result was the form clause 1 has taken on the order paper. This clause 1, as originally suggested in my resolution, constituted one of my main reasons for placing my resolution on the order paper. I am firmly of the belief that if the Canadian people had any idea just who originated communism, and where it came from and how it was the first agents were able to go to Russia and begin the job in Petrograd, they would make short work of all communists and communist sympathizers in Canada.

One of the two main matters I desire to consider today is the suggestion that communism is basically an imperialist conspiracy of Turko-Mongolian-Red plotters seeking to rule the world. The evidence at my disposal leads me to believe that it is just that, and all of that. If I have time today I shall go into the matter in some detail. The other of the two matters I wish to consider today has to do with clause 2 of my resolution, namely the techniques communism has employed. The illustration of communist techniques to which I aim to call attention is that of Generalissimo Chiang Kai-shek, and how communism has endeavoured to destroy that great leader, not only at home but abroad. Communism is endeavouring right now to do that in Canada.

I propose to ask three questions concerning Chiang Kai-shek which are briefly as follows: First, did Chiang Kai-shek throughout world war II hold two million Japanese soldiers against the eastern China coast? Second, did he during the same period successfully hold the Chinese communists in check? Third, was Chiang Kai-shek driven from the Chinese mainland through communist spy activities within the American administration? The answer to each of those three questions is an emphatic yes. It can be proven beyond the shadow of a doubt, and has already been proven by the great committees investigating in the United States.

The communist organizations of America have dinned into Canadian ears the propaganda that Chiang Kai-shek was corrupt,

ineffectual and a totalitarian. To help Canadians begin an appropriate review of their ideas as regards Chiang, I propose to ask the following three questions in respect of Chiang Kai-shek's world war II activities, and I propose to answer each question as I ask it.

Mr. Deputy Speaker: Order. I am sorry to interrupt the hon. member, but it being five o'clock the house will proceed to the discussion of private and public bills.

PRIVATE BILL

EASTERN TELEPHONE AND TELEGRAPH COMPANY

The house in committee on Bill No. 394, respecting Eastern Telephone and Telegraph Company—Mr. Balcom—Mr. Applewhaite in the chair.

On clause 1—*Capital stock.*

Mr. Knowles: May I ask whether any changes were made in this bill when it was before the committee on railways, canals and telegraph lines?

Mr. Balcom: There was no change made, Mr. Chairman.

Clause agreed to.

Clause 2 agreed to.

Preamble agreed to.

Title agreed to.

Bill reported, read the third time and passed.

Mr. Deputy Speaker: The items under private and public bills having been exhausted the house will proceed with the business interrupted at five o'clock.

THE BUDGET

ANNUAL FINANCIAL STATEMENT OF THE MINISTER OF FINANCE

The house resumed consideration of the motion of Hon. Douglas Abbott (Minister of Finance) that Mr. Speaker do now leave the chair for the house to go into committee of ways and means, and the amendment thereto of Mr. Macdonnell.

Mr. J. H. Blackmore (Lethbridge): Question No. 1. Is it not a fact that throughout world war II Chiang Kai-shek held a powerful Japanese army of two million men engaged along the eastern coast of China, thereby enormously contributing to our victory? The answer, emphatically, is yes. Chiang did hold two million Japanese engaged along the eastern coast of China throughout world war II. Proof of that is to be found in abundance in Admiral William D. Leahy's book "I Was There", New York, 1950, at page 202.

[Mr. Blackmore.]

This is cited by John T. Flynn in his book "While You Slept", New York, 1952, page 188. Flynn cites this fact in order to substantiate the statement he had made at page 36 of "While You Slept" in the following words:

> Chiang's country was invaded by the Japanese. He did, as Admiral Leahy pointed out, hold a huge army of two million Japanese soldiers in China while we fought in the Pacific.

I think, Mr. Speaker, that that evidence pretty well disposes of that question.

Now, question No. 2. Is it not equally a fact that Chiang successfully held at bay the Russian Chinese communist fifth column armies right up to the close of world war II? The answer, once more, is emphatically yes. Chiang held the communists off all during world war II. What is the proof? There is pretty strong evidence in the dispatches of United States Ambassador Leighton Stuart. Dr. Stuart's dispatch of July 1, 1947, warned the United States government that the Chinese nationalist troops lacked arms and ammunition, the arms and ammunition, by the way, it was the business of the United States to supply to Chiang Kai-shek under the arrangement they had with him. Dr. Stuart's dispatch of September 20, 1947, warned again of the ill effects upon Chiang's forces resulting from the failure of United States financial and military assistance.

In his dispatch of February 5, 1948, he warned again of the dangerous lack of American aid resulting in disaffection among Chiang's forces.

All three dispatches were sent after the end of world war II and after the United States had undertaken to give assistance to Chiang Kai-shek. Ambassador Stuart's dispatch of March 17, 1948 reads as follows, and I am reading from page 39 of Freda Utley's "The China Story". Freda Utley is one of the best authorities on China that can be found anywhere. Everything she says is thoroughly documented. But here is the quotation from page 39:

> In their despair all groups blame America—

Ambassador Stuart is speaking of the Chinese.

> —for urging structural changes . . . or reforms which they feel they themselves would carry out if their immediate internal problems were not so acute, while America still delays the long promised aid upon which the survival of democratic institutions depends.

Again on March 31, 1948, two years after the end of world war II, he sent this dispatch:

> The Chinese people do not want to become communists, yet they see the tide of communism running irresistibly onward. In the midst of this chaos and inaction the Generalissimo stands out as the only moral force capable of action.

I believe that will effectively substantiate the fact that Chiang held the Chinese communists at bay all during world war II. Anyone who required more proof than that would be most unusual.

Question No. 3. Is it not further a fact that Chiang was driven from the Chinese mainland largely if not entirely through the meddling and treasonable manoeuvring of a conspiracy of communist spies operating in the United States through agents infiltrated into the United States administration?

I spoke about this the other night and I pointed out how Lauchlin Currie, for example, countermanded the order by General Eisenhower that certain supplies should be sent to Chiang Kai-shek. I would emphasize that the answer to this third question I have posed is again positively yes.

The United States caused the fall of Chiang Kai-shek. In this connection at least five considerations require to be taken into account, all of which serve to show the truth of this declaration. The first one is the evidence of witnesses who have testified to this. May I read again from "While You Slept" at page 15. Some may wonder why I quote John T. Flynn's "While You Slept". It is because it is a perfectly documented book. The truth of everything it says has been established over and over again in committees of the very highest degree of integrity and reliability. But this is what Flynn states at page 15:

> The only difference between Russia's war on China and her war on Korea was that in Korea we aided and armed the South Koreans to fight communism, while in China, incredible as it may seem, we actually told the Chinese government to do what Russia wanted—unite with the communists. When Chiang Kai-shek refused, we disarmed him.

Again, at page 185 of his masterful book he states:

> The dark curtain that, with our consent, was rung down over our luckless allies in Europe—Poland and Czechoslovakia and other little countries—has now fallen on China. And this was made possible wholly because of Russia's allies—conscious and unconscious—in America, in our government and even in our state department.
>
> There were traitors in the state department and in posts of power in many departments of the government. Many of the men who are now being hustled off to jail were exercising a controlling influence at those key positions where decisions are made.

There can be hardly any doubt after considering these assertions. The other night I quoted to some extent from a letter by Walter S. Robertson dated October 8, 1949 and addressed to the Hon. Philip Jessup. After Hon. Walter S. Robertson had been eighteen months in the finest position that one could imagine in China to learn the truth, these are his words:

> . . . in my opinion at least, it can be fairly demonstrated that the confused and confusing inconsistencies of our own vacillating policy, however well meaning it might have been, contributed directly and indirectly to the debacle which engulfed him and his government, our ally, and brought to power the communists, our long avowed enemies.

I come now to the second consideration. Roosevelt's behaviour at Yalta shows completely how the United States wrecked Chiang Kai-shek. Although Japan previously had already offered to surrender before Yalta, and although Roosevelt knew this, yet at Yalta Roosevelt, advised by the communist spy Alger Hiss, signed an agreement with Stalin and without the knowledge of Chiang Kai-shek. Pertinent portions from this agreement are as follows. I quote from page 37 of a document which I have in my hand called "China in Stalin's Grand Strategy". It is a document reprinted from *Foreign Affairs,* an American quarterly review, October, 1950. It is a document by Hu Shih, who was the Chinese ambassador to the United States in 1939 and certainly a man whose word we would not question, I fancy. Here are the quotations from the Yalta agreement:

> The leaders of the three great powers—the Soviet union, the United States of America and Great Britain—have agreed that in two or three months after Germany has surrendered and the war in Europe has terminated, the Soviet union shall enter into the war against Japan on the side of the allies on condition that:

I skip paragraphs (1), (2) and (2)(a), and quote subparagraphs (b) and (c) of (2):

> (b) The commercial port of Dairen shall be internationalized, the pre-eminent interests of the Soviet union in the port being safeguarded and the lease of Port Arthur as a naval base of the U.S.S.R. restored.
>
> (c) The Chinese Eastern Railroad and the South-Manchurian Railroad which provides an outlet to Dairen shall be jointly operated by the establishment of a joint Soviet-Chinese company, it being understood that the pre-eminent interests of the Soviet union shall be safeguarded and that China shall retain full sovereignty in Manchuria.

Then paragraph (3) is as follows:

> (3) The Kurile islands shall be handed over to the Soviet union.
>
> It is understood that the agreement concerning Outer-Mongolia and the ports and railroads referred to above will require concurrence of Generalissimo Chiang Kai-shek. The president will take measures in order to obtain this concurrence on advice from Marshal Stalin.
>
> The heads of the three great powers have agreed that these claims of the Soviet union shall be unquestionably fulfilled after Japan has been defeated.
>
> For its part the Soviet union expresses its readiness to conclude with the national government of

China a pact of friendship and alliance between the U.S.S.R. and China in order to render assistance to China with its armed forces for the purpose of liberating China from the Japanese yoke.

Anyone who studies those words and remembers that Chiang Kai-shek knew nothing about it will stand astounded and horrified. The results flowing from that agreement are dreadful to think about as far as China is concerned.

This agreement cleared the way for Russia to take over Manchuria, which she later did by the most reprehensible kind of treachery based upon this Yalta agreement. This agreement also cleared the way for Russia, by similar treachery, to deliver Manchuria into the hands of the Chinese communist Red army so that it might serve that same Chinese Red army first as a secure retreat in which to recuperate and to accumulate numbers; second, as a source of supplies from Russia and from Manchuria itself which has thirty-three million people; and third, as a base from which to attack Chiang.

This agreement at the same time directly deprived Chiang Kai-shek of the resources and industrial potential of Manchuria which would have come to him automatically upon the surrender of Japan. This agreement in time resulted in the Chinese communist army being able to overcome North China proper where lay China's only considerable industrial strength, thereby depriving Chiang Kai-shek of that important asset.

I now come to the third main consideration. Roosevelt at Yalta further stacked the cards against Chiang Kai-shek by promising Stalin to provide him with fuel, transport and equipment for 1,250,000 men, 3,000 tanks, and 5,000 planes, thus giving Stalin an army of 1,250,000 men right on the borders of Manchuria, just exactly where he wanted them, thereby enabling him to seize Manchuria just as soon as Japan went out. This is clearly established in "While You Slept" at page 149. For a full account of the conference—and I am saying this for those out in the country who may wish to go into this matter in a scholarly manner—see "The Roosevelt Myth" by John T. Flynn, New York, 1948.

I come now to the fourth consideration. The United States further hurt Chiang through the mischief wrought by General George Marshall. Freda Utley's "The China Story", page 9 down to page 12, shows this in great detail. I do not propose to quote it. I merely am telling where it is to be found so that anyone who wishes to look up the matter can satisfy himself completely.

The fifth consideration is this: Finally the United States wrecked the hopes of Chiang through the havoc wrought by United States failure to deliver military supplies to China. The whole of this story in enough detail is to be found in "The China Story" by Freda Utley, pages 34 to 41.

In my opinion, what everybody should bear in mind in this connection is that, as I pointed out, Japan had offered to surrender before the three powers ever went to Yalta, and Roosevelt knew this. Yet he signed this outrageous agreement turning over China to Russia. There will be those who will wonder how it can be proved that Roosevelt knew that Japan had offered to surrender. The evidence can be found in "The China Story" by Freda Utley, at page 263, wherein she tells in a note of the testimony of General Bonner Fellers, which is corroborated by Rear Admiral Ellis M. Zacharias in "Behind Closed Doors"—New York, 1950—page 63.

So much for Chiang Kai-shek and whether or not he was worthy of all the opprobrium against him which has been scattered so liberally throughout this nation and throughout the United States only by the communists and communist sympathizers.

I turn now to the other matter which I wish to discuss, namely the suggestion that communism is basically a Turko-Mongolian-Red imperialist conspiracy determined to enslave the whole world. The communist organization has cleverly contrived to delude people into believing the tragic fallacy that communism in Russia or elsewhere was and is a revolution, a successful popular uprising to throw down tyranny, oppression and reaction; a revolt of the so-called proletariat against the bourgeoisie, against capitalism and special privilege as such. All men who are adequately informed know that communism began through a cunningly-conceived, deeply-rooted, widely-ramifying conspiracy of certain top-ranking people of the world; a diabolical plot aimed at physical or political conquest of the world and the abject subjugation of all mankind except a small specially privileged class.

Mr. Philpott: Why bring the Turks into it? They have got nothing to do with it.

Mr. Blackmore: If we could get a royal commission established we could bring a good deal of evidence to show that Turkic people do have a lot to do with it—or did have. This is one reason why we need a royal commission. It would be impossible to present all the pertinent evidence in any number of speeches on the floor of the house. That evidence has to be produced, before a judicious adequately qualified commission.

Mr. Philpott: Surely my hon. friend knows that the Turks and the Mongols were the bitterest enemies down through history. No two peoples ever fought each other like the Turks and the Mongols.

Mr. Blackmore: I have never said for a minute that it is the Turks. I have said it is the Turko-Mongols, and in fact the very words in the resolution show that there is a people having Turkic affinities and Mongol affinities, a red people. Who these red people are, how they come to have Turkic affinities, how they come to have Mongol affinities, can be shown before a royal commission if we have a chance.

Mr. Ellis: Tell us now.

Mr. Blackmore: Now, the suggestion couched in those words differs fantastically from what Canadians have been led to believe, differs so fantastically that hundreds of thousands of Canadians will condemn my suggestion without even stopping to listen or even think—there is evidence of that right in the house—much less to study and ponder. The great problem then is: Where shall we turn for authorities? Whom shall we believe? May we reason upon this matter briefly?

Lenin said:

> We must be ready to employ trickery, deceit, law-breaking, withholding and concealing truth.

This quotation is taken from Lenin's "The Infantile Disease of Leftism". The translation is found in Sir Norman Angell's "The Steep Places", published by Harper in 1948, at page 73. I am quoting from "China in Stalin's Grand Strategy", page 13 of the pamphlet published from the article in *Foreign Affairs*. That would pretty well tie it down, I think. In the light of that statement of Lenin, I ask every Canadian: Can you possibly believe any account coming from any communist or communist controlled or influenced medium of information? Certainly no Canadian safely can, and no patriotic Canadian will.

As recently as 1952 the story has been told and flawlessly proven, an utterly dreadful and amazing story, step by step and person by person, of how the American communist organization took over America's most influential information media, the radio, movies, magazines and books, and through them persuaded United States leaders to support the communist plan to turn over China, Formosa and Korea to the Soviets of Russia. That sounds almost impossible to believe, but I hold in my hand a book, "While You Slept" by John T. Flynn, and I invite any member of the house or any person in the country to read that book through carefully page by page right to the end and then question its authenticity. It establishes beyond question the truth of what I have just said.

Obviously the tremendous fact established in "While You Slept" is that communist organization agents or dupes in the United States were able to use the radio, movies, magazines and books to establish in American minds any idea or prejudice they chose to establish. This, as everyone must recognize, is an utterly appalling fact; and when you remember that it applies also to Canada it is for us even a more appalling fact. This book most clearly warns us what we must not believe.

Bearing all this in mind, let us turn again to seek for authorities. Located in the Empire State building, New York, is an organization called the national economic council. This council is a non-profit, non-partisan, membership corporation organized in 1930 under New York state law. Twice a month the economic council issues what it calls the "Economic Council Letter". These letters are generally accepted as being highly reliable.

Council letter No. 332, dated April 1, 1954, which I hold in my hand, tells us definitely the following facts:

1. The Soviet government is nothing else than a gang of plotters that succeeded in making itself master of Petrograd in 1917. I quote briefly from the publication:

> The U.S.S.R. is not a world power in the sense we have always thought—a government naturally looking out for its own interests but maintaining certain general standards of honour and integrity in international dealings. Rather, this Soviet government is nothing else than a gang of plotters who succeeded in the confused days of 1917 in making itself master of Petrograd . . . and extending that mastery to all Russia.

2. This gang of plotters, with the astounding help of the United States, has made itself master of most of the Eurasian continent and threatens so to spread until it will subjugate the whole world. Here is a brief quotation:

> There is not a country in the world, including the United States, that is not threatened with subjugation.

I call on the people of this nation to contemplate with the greatest of soberness that statement coming from such a source.

3. This gang of plotters down to and through their successors today have said consistently that they will not stop until they have subjugated the whole world. May I quote briefly from the publication again?

> They have said that communism and capitalism cannot live side by side on the same planet.

What does that mean? That means that Canada must come under them; it can have no other meaning at all.

4. Communism is against all religion, especially Christianity. I quote briefly again:

> Communism is against all religion, especially Christianity. If Soviet Russia is successful, in the end Christianity will be largely wiped out. . .

5. The Lusk committee of the New York state legislature in 1919 made an investigation of communism and, reading again from the economic council letter, "its four-volume report has long been a classic". If this organization knows about that report it probably knows a good deal.

6. Soviet Russia has been at war with us ever since 1919 and is today. I quote again:

> Soviet Russia is at war with us today. She has been ideologically at war with us ever since 1919. She was secretly our enemy even between 1941 and 1945, when we considered her "our ally". During that time she was taking advantage of our generosity, or stupidity—
>
> Just as she is today.
>
> —and was including in her requisitions for aid, designs and materials which she intended to use in building up her post-war military potential to destroy us later.

This letter supports every suggestion I have made as to the basic nature of communism, as to its being an imperialistic plot of eastern Europeans, of Turko-Mongolian reds, except that it has not mentioned the ethnic characteristics of the original plotters.

May I read a very short quotation from the introduction to a recent book published in 1952 and written by a man named Prychodko. It is entitled, "One of the Fifteen Million". The introduction is written by Dr. Watson Kirkconnell, president of Acadia University. This is what Dr. Kirkconnell says:

> This is a terrible book, but it is the truth that is terrible and it must be faced, for the martyrdom of human freedom in the U.S.S.R. is a martyrdom that the geopolitical planners in the Kremlin intend for us as well. Russian slave camps for Canadians in Canada, manned by Russian police, are the objective of Stalin and his power-hungry agents among us. Every horror described in this book will be duplicated on Canadian soil if communist plans prevail.

That was the president of Acadia University. I do not see how we can lightly disregard such solemn statements.

What evidence can be adduced to indicate that those original communist plotters were Turko-Mongolian reds?

Fortunately for us there was also held in 1919 by the United States a rather thorough investigation into the basic origin of communism. The evidence that was accumulated from the many sources considered would, I feel certain, satisfy any body of judicious men and women, sitting as a royal commission investigating the facts, that the gang of plotters who succeeded in the confused days of 1917 in making itself master of Petrograd (1) was of eastern European origin; (2) left the United States of America and went directly to Petrograd, evidently financed by a powerful organization of individuals, many of whom were in the United States; (3) conquered Petrograd by sordid strategy. That evidence would, moreover, show that those eastern Europeans were reds having Turkic and Mongol ethnic affinities.

Mr. Speaker, I think there is no need to say anything more concerning this matter. Surely this evidence ought to be sufficient to convince anyone who is at all interested in the welfare of this nation that we should have set up the most capable commission possible to determine all the facts of every kind concerning communism, to learn all that is being done in Canada, how it is being done and by whom.

We know virtually nothing about all this. We are the victims of skilful propaganda originated by men around us who pretend to be the very best kind of Canadians—just as did those men in the United States such as Owen Lattimore, who travelled about in morning clothes, if you please, and I suppose with monocles. Because they were such nice men no one would have suspected that they were plotting to turn the United States into the hands of those who control Russia! But that is what they were doing. There were Alger Hiss, John Stewart Service, John Carter Vincent—many of them, whose records are now established beyond question.

How do we know what is going on in Canada? I think the evidence that things are going wrong in Canada is practically overwhelming. And I submit, with all the earnestness of which my being is capable, that the sooner we can establish a royal commission on communism in Canada to sit day in and day out, for months and months, to get at the facts, the sooner we shall discharge our responsibility as members of parliament representing the people of Canada in these most trying times.

Mr. Daniel McIvor (Fort William): Mr. Speaker, I have something to say at this time, because I feel the house has been honoured by the Minister of Finance (Mr. Abbott) in the presentation of his budget. I think it is a good after-election budget. It is a good budget for the present time, and for at least two reasons: First, the minister follows in the footsteps of the Prime Minister (Mr. St. Laurent) when he fights and struggles for a united Canada. There can be no doubt about that. His plan is that he will stick to the constitution of Canada, no matter what anyone says, and will say to any province: Thus far shalt thou go, and no farther.

I had an interview with a successful businessman of Ottawa and, after reading the budget, his conception of it, in the words of Agrippa, was: Almost thou persuadest me to be a Liberal. Of course the word used originally was not "Liberal".

When the Leader of the Opposition (Mr. Drew) was speaking this afternoon I was intensely interested when he referred to the late Angus L. Macdonald who, as was well said this afternoon, was a great Canadian. I would say further that he was a great Christian Canadian. But I was disappointed when the Leader of the Opposition said that Quebec does not stand alone in this respect. Then he proceeded to read what he had said in the legislature in Toronto, and I think he convinced us that Ontario stood with Quebec in this issue.

I will say for the late Angus L. Macdonald that he agreed with the Minister of Finance and was premier in one of the nine provinces that co-operated. I believe that showed the wisdom of this former member of the house.

While it may be true that at one time Ontario stood with Quebec in this issue, it does not stand in that position today because the government of that province has entered into a co-operative agreement with the dominion. Quebec stands alone. I did admire the Leader of the Opposition when he stood in the house and championed the cause of his friend. I do not know whether I am safe in saying that they are kindred spirits.

The fact is, however, that Quebec now stands alone, and I am sorry that it does, because I think the citizens of that province compare favourably with those of any other part of Canada.

Mr. Dufresne: That is the best part of your speech.

Mr. McIvor: However they do not all agree with the premier of that province.

Another feature of the budget I like is that, notwithstanding the fact that we are likely to have a new pension scheme for the handicapped, there was no increase in taxation.

Mr. Fraser (Peterborough): That is only a promise.

Mr. McIvor: There was no increase in taxation, notwithstanding the increase in the indemnities of the members of both houses of parliament, and in the salaries of civil servants. There was no increase in taxation despite the fact that the St. Lawrence seaway has been promised, and the work is likely to begin this year. Not only that, but there is a decrease in taxation to the extent of about $30 million.

I know there are hon. members in the house—and I agree to some extent with what they say—who say that we should be giving, giving, giving. But we cannot keep on giving without getting. We must have taxation, and I must congratulate the minister upon not having increased taxation at this time.

The hon. member for Spadina (Mr. Croll) spoke about combines; the hon. member for Lethbridge (Mr. Blackmore) spoke about communism and the need for a royal commission. I, too, have a pet subject, and I should like for a few moments to place before the house a cure for strikes. I agree with the Ottawa *Journal* when it says this:

> The right to strike is a vital right; one of the democratic freedoms. If there be those to argue otherwise they are but blind reactionaries, people who would repeal the twentieth century.

The outstanding right of labour is the right to strike, just as industry has the right to shut down. My first cure or suggestion comes from a friend in Fort William, Edgar Rutledge. His suggestion is that a committee be chosen like a jury, with rights of a jury. If the number of people affected is small, the committee might be smaller, but he suggests that a committee be formed, four from the dominion government, four from industry and four from labour. These people would elect their own chairmen and their judgment would be final, but they should not be tied in to any particular political party. They should be free. I notice that in the British house a formula to settle British industrial disputes without recourse to strikes is the aim of Sir Walter Monckton. I hold in my hand a long article which I shall not read. They emphasize the same thing, that it is possible to set up a committee to settle industrial disputes. My friend, Mr. Rutledge, says that they should have the right of a jury. Human beings are human beings, and I do not know how this would work.

My second cure for strikes is the right to share in the profits. This summer I received from the Minister of Labour (Mr. Gregg)—and I was grateful to him for giving me the finding of his research workers—a letter, as follows:

> I promised to write you further on the subject of profit sharing plans in Canada.
>
> Although at present there is not much statistical data on the extent of such plans in Canada today, our economics and research branch is planning to include a question on the subject in its annual survey of working conditions this coming April.
>
> There is an organization known as the council of profit sharing industries, Akron, Ohio, which has been active in encouraging the formation of profit sharing plans both in Canada and the United States. Information from this group on plans affecting Canada was published several months ago and indicated that 50 Canadian firms were members of the organization and that they employed 30,000 workers.

There are two of them in Fort William. I continue:

In the United States, there are reported to be over 3,000 plans in operation.

Another group which had done considerable work in this field is the profit sharing foundation, Long Island city, New York. This group has carried out several studies lately to indicate the soundness of plans now in effect in the United States. It has studied plans which have been discontinued, as well as those which have been successful. In the former case, they have come up with the conclusion that in 40 per cent of the cases there were no profits to share and a further 30 per cent were the result of changes in company policy resulting from new ownership. In other words, the foundation's studies would seem to indicate that the numerous instances of discontinuance of plans do not reflect on the essential soundness of the profit-sharing principle.

Generally speaking, there is considerable difference of opinion as to the value of profit sharing. It has been stated that labour organizations have opposed such plans. However, many of the successful plans now in effect involve unions and probably reflect an improved confidence in management policy by the unions involved. It is perhaps true that profit sharing has succeeded most often where the over-all labour policy of the company has been reasonably good. Where good relations do not exist, profit sharing is fairly generally looked upon as a doubtful means of encouraging employee loyalty and higher productivity. For example, an international labour organization study has advocated that profit sharing plans should be the last rather than the first step in any program aimed at improving labour relations.

In recent years, the emphasis has probably changed a bit from strict profit sharing to the other area you have mentioned in your letter, of allowing workers to have a greater participation in management. This concept is that worker participation may bring profits to their greatest possible level with worker distribution either through a profit sharing plan or a fairly generous wage policy. For example, labour-management production committees are one means of encouraging discussion of problems in an effort to reach solutions which will be of mutual benefit. The Department of Labour has been active in encouraging the formation of these committees. Today there are over 975 such committees in Canada, of which the department has a record.

I appreciate the Minister of Labour's co-operation. I am convinced, Mr. Speaker, that this plan may work with single industries, but a case was brought to my notice where one industry took this plan up and it worked. Production increased. More money came in, but because they had to share with the other parts of the industry scattered all over the country there was no profit.

My third cure for strikes is Christian brotherhood. The churches throughout Canada in all their branches will back me up in this, that the cure for strikes is Christian brotherhood. Moral rearmament says absolute honesty, absolute unselfishness, absolute purity and absolute love will work. I do not mean partial Christianity; I mean the real, genuine practice of Christian brotherhood will be the cure for strikes, and until we get that I do not think any other plan will really work. We do find human beings are willing to co-operate in a lot of things. This last year a strike was under discussion that pretty nearly took place but did not. Some of the workers, young married men, were anxious. They did not want to strike. The strike did not take place and they were happy.

I know there are labour leaders who are not in favour of this plan at all, and some of them have so declared. Notwithstanding some of those labour leaders, a cure can be found. If hon. members take it to heart and think it through and through, we shall find a way.

I must say that I enjoyed the speech of the minister when he delivered his budget. I congratulate him on being honest and sincere, because the budget has in it just the thing that we need for Canada today. Thank you.

Mr. W. G. Dinsdale (Brandon-Souris): Mr. Speaker, I did not intend to make any reference at all to the constitutional problem that has been raised as a result of the discussion of dominion-provincial financial agreements, but the suggestion that has just been put forward by the genial hon. member for Fort William (Mr. McIvor) prompts me to make a brief observation as I commence my remarks.

The suggestion has been put forward that this is a problem existing only between one province and the federal government. I must admit that I am not an authority on constitutional matters, but so far as I can see, from the attention I have given to the subject, this difficulty relates itself not only to Quebec and the federal government but to all provincial governments and the dominion government.

I base that observation on the importance of the subject of dominion-provincial financial relations on conclusions from the book "The Government of Canada", by Dr. MacGregor Dawson. I would recommend the reading of chapter 6 of this book to any members interested in this subject. On page 135, Dr. Dawson has this to say in regard to the provincial agreements:

These agreements—even if it be assumed that Ontario and Quebec become parties to them—certainly do not settle the financial difficulties between the dominion and the provinces, although they may be adequate to bridge the next five years.

That was the first term of the agreements. He says further:

For it is impossible to perceive how any permanent solution can be found except by the acceptance of the following three fundamental propositions, all of which are implicit in the problem and are clearly indicated by past experience . . .

These are the three propositions, and I will just outline them briefly. The first is as follows:

The dominion must be expected to take the lead in devising and implementing policies designed to prevent future economic depression and establish measures of general social welfare.

The second is:

The provinces must not be allowed to lose in the process their individuality, power, and prestige as autonomous authorities and essential parts of the federation.

The third is:

No system of per capita grants to the provinces will be able to displace entirely payments made on a basis of fiscal need, and any permanent settlement will be compelled to adopt some variant of the Rowell-Sirois recommendations as a supplement to the present proposals. To ignore this fact is to ignore the whole history of dominion-provincial financial relations.

I merely put that on the record as a reply to the statement made by the hon. member for Fort William, that this is merely a problem between one province and the federal government. It is a far-reaching problem and goes right to the heart of confederation.

Leaving that subject to those who are more competent than myself, I want to return to the budget. As I listened to the budget speech just a week ago tonight I came to the conclusion it was a very intriguing budget speech from the standpoint of the opposition. The previous budget speeches to which I have listened since coming to the house were full of soaring optimism with respect to Canada's buoyant economy. This was far from being the case in the budget under consideration at the moment. Instead I found that the minister's remarks were full of cautious, carefully-chosen phrases, many of which reechoed opposition criticism that has been heard in the chamber during the budget debates of recent years.

He used such phrases, for example, as "there is a temporary slow-down" due to an "improved supply position", and "there is a necessary cost and price adjustment." This was most unusual as we contrasted it with the buoyant optimism of recent years. One may also recall some of the slogans heard last summer during the election campaign. There were slogans to the effect that if a Liberal government is returned to office Canada will have prosperity, but if any other group is returned to office there will be depression and chaos.

I recall also, just two weeks before August 10, travelling through the rural area of my constituency. The grain was rolling into the elevators and all the farmers were rejoicing because apparently there was an inexhaustible market for the bumper crop they were harvesting. I remember the queues lined up before the elevators after the restrictions were entirely removed. It was not long, of course, until the elevators became completely plugged. From the remarks made by the Minister of Trade and Commerce (Mr. Howe) in this chamber this afternoon the elevators apparently still remain in that position.

I could go on to the throne speech debate and recall the Conservative amendment introduced at that time to the effect that the prosperity and security of all Canadians would be advanced by government policies which would restore markets for primary products and generally promote a high volume of trade. In this regard the Minister of Justice (Mr. Garson) and myself sometimes write for weekly papers. The editors are very fair-minded, I believe, since they publish our columns side by side from time to time, thus giving our respective viewpoints from this chamber. I feel that is an excellent idea. I recall the comments made by the Minister of Justice after our amendment was moved. He said he felt reluctant to vote against that amendment because that is exactly what the Liberal government had been doing, that is restoring markets or promoting markets for primary products and generally promoting a high volume of trade.

Now, just a few months later we are confronted with a budget that is extremely cautious and manages to muster only a slight feeling of optimism. On the whole, it is a stand-pat budget. When the Minister of Finance (Mr. Abbott), as he did last Tuesday evening, speaks of a slow-down or a four per cent decline in exports and an unpleasant unemployment situation, it would indicate there has been a rather rapid change in the economic climate of this country.

At six o'clock the house took recess.

AFTER RECESS

The house resumed at eight o'clock.

Mr. Dinsdale: Mr. Speaker, when the house rose at six o'clock I was referring to the rather unique position in which the opposition finds itself in relation to this budget, particularly with reference to the cautious approach of the Minister of Finance in his budget statement a week ago tonight.

The minister did not say so in so many words, but there is implied in some of the statements he made the view that the situation is perhaps more serious than appears on the surface, and his careful use of what we might call "Ottawa semantics" was designed to camouflage the situation to a certain extent. We know that semantics is

the science of meaning, and deals with the real meaning of verbal symbols. I believe when the minister referred to the temporary slowing down of the economy, what he actually meant was that we have over 500,000 unemployed.

In addition to that there is a sharp drop in the farmers' income, and I have before me some statistics which demonstrate that point. With reference to the price situation as regards our farmers we should take into consideration the net income which depends not on farming prices alone, but also on farm prices in relation to farm costs. In 1951 we find that the index for farm prices stood at 296·8 and in 1952 the index stood at 272·6, and there is every indication to suggest that the figures for 1953 will indicate a further drop of from 5 to 10 per cent. At the same time the cost of the things the farmer was buying in 1951 stood at an index of 230 and in 1952 at 243·1, according to the *Farm Forum Guide* of January 11, 1954. That index is rising in proportion to the price he receives for his goods so that the farmer is caught in a price squeeze.

I also believe that this "temporary slowing down" refers to the decline in the sale of automobiles, and farm machinery as well. If we get behind the meaning of this phrase it would appear it also includes the loss of the United Kingdom markets for our agricultural products.

So far as the use of the phrase "cost and price adjustment" is concerned, I believe here, if we again get behind the Ottawa semantics, the minister was thinking of the increase in the failure rate among small businesses, the increase in loss-leader selling and, on the prairies, the situation where we find the retail stores working on a cash basis because of the inability of the farm customers to pay on the line due to the shortage of cash. All these things are, I believe, behind the phrase "cost and price adjustment."

Then there is the other phrase to which I have already referred, namely "improved supply position." Obviously in behind that bit of semantics we have an increase in the process of dumping as is evidenced by the passage of Bill No. 29 in this house earlier in the session, and again with reference to the lost markets, the decrease in purchasing power due to the wheat glut and the resulting unemployment.

It seems to me, Mr. Speaker, that these phrases are typical of Liberal vagueness which has been exemplified by the much vaunted middle of the road policy initiated at the onset of the depression by the man Mr. Bruce Hutchison called "The Blondin of Politics", the late Right Hon. Mr. Mackenzie King. The Liberal party took to political tightrope walking during the depression, and indeed it had to because it was the only way by which Liberalism could survive under rapidly changing world conditions.

It is a well-known fact that Liberalism has virtually disappeared in Britain and in other European countries. In this connection I was very interested to read, a short time ago, excerpts from a dissertation written by the present Secretary of State (Mr. Pickersgill) when he was a professor of history in the province of Manitoba. Under the heading of "The Failure of Liberalism" he had this to say:

> It is not remotely likely that the decay of orthodox liberalism can be arrested for very long . . . It is small wonder that economic liberalism is discredited . . . Classical liberalism is dead. As a political creed it is bankrupt.

I believe that is an excellent summation of the situation which prevailed during the twenties and in the early thirties. Another political commentator, the late Mr. Harold Laski, of the London school of economics, wrote in similar vein under the heading "The Decline of Liberalism".

However, in this country Liberalism has survived by means of very clever political tightrope walking which has resulted in a great deal of uncertainty so far as the stand of the Liberal party is concerned. I think that was precisely illustrated in the rather humorous situation which occurred in this house during the debate on the throne speech last fall. We had the Conservatives describing the throne speech as an example of "socialism in a silk hat" on the one hand, and on the other we had the C.C.F. party describing the policies of the Liberal government as "reactionary capitalism". There seemed to be a very wide diversity in the interpretation of the same throne speech, which I feel resulted from the studied vagueness adopted by the Liberal party in order to survive under rapidly changing world conditions.

I would like to sum up this point by stating that the success of the Liberal party as a political chameleon is demonstrated by the different approaches adopted by the party in various parts of Canada. In Quebec the party is conservative; in Ontario it is protectionist, witness Bill No. 29; and in the west, and also in the maritimes, it is free trade.

I was very much interested in the remarks of the hon. member for Spadina (Mr. Croll) this afternoon in regard to the basic liberalism of his party. Perhaps his views on the

Liberal party are not akin to mine but to me the budget speech suggests that the Liberal party is coming back to a more orthodox Liberal position, and is seeking a base upon which to make a stand.

The Ottawa *Journal*, in summing up the budget speech in a phrase, used significant words when it described it as a "Lead, Kindly Light" budget. In other words, it exemplified faith without works. This suggests strongly a return to discredited classical orthodox Liberalism, and the laissez-faire theory based on the natural law.

I think I can best sum it up by one or two quotations from outstanding authorities in this particular field. It is the idea that if we leave things alone long enough they will gradually work out for the best by the process of natural law; or again, if I may quote Voltaire, the great French liberal, one of the early leaders of liberal thought, through the mouth of Candide, one of his brain children, he used the phrase that "all is for the best in this best of all possible worlds". The hon. member for Greenwood, speaking the other night, used the Coué summation of Liberalism: Every day in every way we are getting better and better.

The belief in inevitable progress towards inevitable perfection, of course, is a by-product of the materialism of the nineteenth century. Other political theories that were spawned in that same era were socialism and Marxism. I think the budget speech indicates a return to this more orthodox Liberal position. Certainly in 1929, when the economic deluge descended upon the western world, the Liberal party at that time was strongly motivated by the classical theory because it did nothing except to wait for things to get better in the United States. The throne speech in the session of 1929 indicated that it was just a temporary set-back and that before the year was out things would be much better indeed. In fact, there was in some of the sentiments expressed by the minister the other night, with regard to Canada's tie-up with the United States economy, a striking resemblance to the sentiments expressed and the remarks made during the 1929 throne speech.

As is well known, as a result of the onset of the depression a Conservative government was elected in 1930. It was left to wrestle with lost markets, surplus agricultural products, the Hawley-Smoot tariffs and a general breakdown in international trade combined with the tragedies of nature in the form of drought, dust and grasshoppers; and, along with it all, the general backwash of the first stages of the industrial revolution in Canada. The first stages of any major social change are always marked by a high degree of social disorganization. On top of all these problems it was confronted with an apathetic opposition. I do not think the government of today can come to the conclusion that they are confronted with an apathetic opposition. Perhaps they sometimes feel that we are much too critical. Perhaps they feel that we talk far too much.

I do not want to stretch too far the parallel between 1929 and today because conditions in Canada have changed tremendously since then. When I hear members talk in this house as if we stand, financially and economically, back at 1929 or 1930, I disagree with them most heartily. Canada has passed through an economic revolution. The world has changed and has passed through an economic revolution. The centres of influence in the world have moved from the continent of Europe to the North American continent. Again, as I think my friend the hon. member for Inverness-Richmond (Mr. MacEachen) would say, we have passed, in economic terms, through the Keynesian revolution.

There was the new deal in the United States. We did not have a new deal, in so many words, in Canada although the late R. B. Bennett tried to introduce a new deal forced by the impact of these changing conditions. There is no doubt that we have been influenced by the changed circumstances all around us. There is, for example, the fact that the late Dr. Clark was brought in from Queen's University in 1932 in order to give his expert assistance in wrestling with the problems of the depression. The success he had in this regard is indicated by the fact that he remained in the post of deputy minister of finance up until his unfortunate and untimely death last year. I was quite impressed by the tribute paid to the late Dr. Clark by the Minister of Finance in his budget speech last year when he gave outstanding credit to Dr. Clark for the contribution he had made in bringing about economic and financial stability in Canada.

Very often we in this house hear discussions that arise from time to time as to who did what and when with regard to the new look in our economy. For example, we hear members laying claim to paternity of family allowances. There was, a short time ago in this house, no less than three members laying claim to having initiated the idea of family allowances. The same thing applies to other social security measures. However, Mr. Speaker, I am going to suggest that these

things came in response to the social facts that existed during those difficult days of change. They did not occur only in Canada. Canada is not the only country with a social security and social welfare program. I am sure that no hon. member in this chamber can lay claim to credit for what took place in the United States, in the United Kingdom or in other European countries. They came about as a result of social pressures coming in the wake of the emergence of the western world into an urban, industrial civilization. Therefore I say that we cannot draw the parallel too closely between conditions today and those that existed in 1929. Yet the distress signals are out.

The government has been strangely apathetic and nonchalant in the face of the storm signals. Certainly the opposition has given the warning repeatedly during the past few years. I have sat in this house since 1951. In my first session the budget debate was largely around the theme of inflation resulting from a soft-money policy; and inflation is still with us despite the juggling of the price index. It is obvious that it is still with us because we repeatedly receive representations from pensioners of all kinds and those who are forced to live on lower incomes. In addition to the soft-money policy, we have criticized the philosophy of softness that has been propagated by the government, the idea that the great white father at Ottawa will look after you. As an example of that sort of propaganda we have it suggested from time to time that any other group in office at Ottawa would take away all these nice things that come from the hands of an all-benevolent and beneficent government.

Then we have mentioned the lost United Kingdom markets, a subject that has been discussed off and on in Canada for the past three or four years. I remember taking part in 1950 in a citizens' forum discussion which dealt with the difficulties arising from the loss of our United Kingdom markets. The subject of convertibility has also appeared repeatedly, and I am delighted to see that the Minister of Finance is taking a more positive interest in this problem. It is basic of course to the stability of our Canadian economy which depends for its lifeblood upon a healthy export trade.

It could be that the reason for the seeming nonchalance and apathy on the part of the government is that it has grown soft, flabby and complacent from old age and too much royal jelly. It is said that with old age comes hardening of the arteries. One of the characteristics of hardening of the arteries is the failure to remember recent events but an ability to go away back to the beginning of things with a very clear insight into earlier events. Perhaps the return of a more orthodox Liberalism is another evidence of the tendency towards senility and the resulting hardening of the arteries.

On the other hand, the apathy and nonchalance might merely be a very carefully thought out policy, the desire to play possum in order to stave off the psychological impact of depression thinking. The preamble of the United Nations charter says:

> Since war begins in the minds of men it is in the minds of men that the bulwarks of peace must be built.

I believe that statement is just as true of depression as it is of war. To a large extent depressions begin in the minds of men. Going back to the 1930's, as a result of the depression psychology then prevalent there was retrenchment just at the time when confidence and expansion were needed. At that time the Liberals, as can be seen from reading the debates of those days, were at the wailing wall preaching blue ruin, as seems to be characteristic of oppositions. There is a psychological impact that affects the economic trend in a country.

I have introduced this point because members of this house from the west are sometimes accused of crying perpetual blue ruin. I suggest that is not true because the west has learned to take adversity during its relatively short history. The west has largely been in a pioneer era during that whole period. Westerners sometimes quote a poem that illustrates this position and it is to this effect:

> Out where the world is in the making,
> Out where fewer hearts in despair are breaking,
> That's where the west begins.
>
> Where there's more of giving and less of buying,
> Where there's more of living and less of dying,
> Where a man makes friends without half trying,
> That's where the west begins.

I think that is a very excellent expression of the spirit of the west, but I want to point out that just a few weeks ago the Minister of Trade and Commerce, when speaking to the chamber of commerce in the city of Winnipeg, accused western members of crying wolf, and implied that western members were poor public relations representatives for their constituencies. This of course is not very flattering to those of us from the west. I think he also included Liberal members as well as those on the opposition side of the house. Certainly their recurring election theme, do you want to go back to the dirty thirties, is conducive to this depression psychology. This unfortunately is the sort of thing that encourages the splintering on the prairies which is plaguing our federal system today.

I suggest, Mr. Speaker, that there is a basis in fact for the continuing western agrarian protest. The western voice is weak politically with the result that the party in power, particularly if it is in power for a long period of time, always tends to become the prisoner of the two central provinces. In terms of representation you find the bulk of support of Ontario and Quebec going to the party in power. If I have time I should also like to deal with industrial development. If you compare the interest in the St. Lawrence seaway with the lack of interest in the Saskatchewan dam there is quite a difference, and there is also the fact of the continuing loss of population from the west. When the Minister of Trade and Commerce made that statement in Winnipeg I believe it showed that he has been taken in by the popular legend and myth of current Canadian development which suggests that the west is very rapidly catching up with the east. This might be true from the standpoint of the prophetic future but it certainly is not true at the present time. I want to present certain statistics to illustrate that point. I have before me some statistics dealing with the jobs that have been created in manufacturing industries since 1945. Forty-four per cent of these jobs have been created in Ontario, in Quebec 35 per cent, British Columbia 7 per cent, Manitoba 4 per cent, Nova Scotia 3 per cent, Alberta 3 per cent, and all others 4 per cent.

The amount of investment in manufacturing follows a similar pattern. Out of a total of $3,400 million, Ontario has $1,655 million or 48·7 per cent; Quebec has $880 million or 25·9 per cent; British Columbia $306 million or 9 per cent; Alberta $153 million or 4·5 per cent, and all other Canadian provinces $406 million or 11·9 per cent. If we look at the situation from a slightly different standpoint, that of the establishment of new plants, we find that up to 1952 there have been 1,500. Forty per cent, or 626, have been established in Quebec, 60 per cent of which are in and around Montreal. One-third have been established in Ontario, namely 504, 40 per cent of which are in the Toronto area. That of course emphasizes that the west is still far behind so far as the establishment of new industries is concerned. Ontario and Quebec still have just about the same share of the country's manufacturing production as they did in 1931. They have about 80 per cent; British Columbia has 8 per cent; the prairies 8 per cent and the maritimes about 4 per cent. There was a significant change during the war which brought the prairies up to nearly 10 per cent of the total in 1946, but central Canada has since re-established its position as the producer of four-fifths of the country's manufactured goods.

There are actually fewer jobs in Prince Edward Island, New Brunswick, Manitoba and Saskatchewan than there were in 1946. I think these figures demonstrate that what we call the agrarian protest is quite justified. Nevertheless the west is progressing. The names of Lynn Lake in Manitoba, Uranium City in Saskatchewan, Leduc in Alberta and Kitimat in British Columbia are well known in Canada and other parts of the world.

I want to emphasize that this progress is largely due to the activities of private corporations in the western area. If I had time I could point to some developments in my own city which are all promoted by private companies and that have had very little encouragement, actually, from, for example, the Department of Defence Production. I merely mention that when the small defence industries branch was set up Brandon organized a Brandon pool and hoped to receive stimulus to its industrial development from participation in defence production. Because of the concentration and centralization in the central provinces there was not too much of a boost given to our efforts in this regard.

To bring my remarks to a conclusion, the situation that faces Canada at the present time as we pass through an era of transition demands more than a laissez-faire approach to the problem. It is not sufficient to say that eventually everything will work out for the best in the best of all possible worlds. When the member for Spadina (Mr. Croll) was speaking this afternoon on the excellent work of the combines investigation branch it occurred to me that he might turn the combines investigators loose in investigating this government; because I think it is one of the biggest monopolies that we have in any area of activity in this country.

As I have said before I think that big government, monopolistic government, is a much greater danger than any form of big business, or any other bigness. The hon. member for Greenwood (Mr. Macdonnell) has put forward again the idea of having an independent committee or commission to investigate government efficiency after the fashion of the Hoover commission in the United States. I think that this idea has merit in dealing with the problem to which I have just referred.

We must do more than rest on our laurels. Canada has had a great past. We have made tremendous strides since the war years. We have been amazingly fortunate and lucky, located as we are on the peace side of the conflicts that have occurred during the first part of this century in Europe. But we cannot expect our phenomenal good luck to continue forever. We must deserve it. During the war superhuman effort was made in the

defence of our way of life. I believe that an even greater effort is needed at the present time if we are going to move safely and successfully through the transition period that faces us at the moment.

The government has taken credit for the booming prosperity of the past. I would suggest that by the same token it must take responsibility for the difficulties through which we are passing at the present time.

Mr. Colin Cameron (Nanaimo): Mr. Speaker, it is with a certain amount of trepidation that one like myself, who has never had the slightest difficulty in counting money in his own possession, approaches the vast accumulation of money that was set forth in the budget speech. Without the slightest hesitancy the minister juggles these billions like a conjurer at a children's party. But if we are able to avoid having our eyes dazzled by these millions and billions, some things begin to emerge clearly out of the budget.

The first thing that emerges is that it is admirably designed to bring comfort to the comfortably off. During the last election campaign I had very great difficulty in convincing people in my audience that I was speaking the truth when I described to them what had been done by the government of Canada to protect the interests of a certain class of citizens—a privilege that was not accorded to the vast number of Canadians. When I attempted to show them that in certain circumstances a Canadian citizen with a wife and two children could draw an income of $10,000 a year without paying one cent of income tax, I was invariably challenged in all meetings and told it was ridiculous, that the government of Canada would never do any such thing, and that certainly the present Minister of Finance (Mr. Abbott) would never be guilty of such gross discrimination.

But, seeing that the protests that were made last session to the minister have been of no avail, I think perhaps it would be a good thing if once again the picture were placed on *Hansard* so that the people of Canada can see what the actual situation is. Now, this fortunate Canadian citizen with the wife and two children and an income of $10,000 a year is drawing his income from dividends of Canadian corporations.

An hon. Member: Like a member of parliament.

Mr. Cameron (Nanaimo): A member of parliament is in a privileged position, but not quite as privileged as these gentlemen to whom I am referring. The position of the member of parliament is not quite as good. The person whose situation I am describing has, in the first place, an exemption of $2,300 a year, leaving him with a taxable income of $7,700 a year. The tax on the first $6,000 of that income is $1,140, and the tax on the $1,700 is $442, making a tax of $1,582, plus a social security tax of $60, bringing the amount to $1,642. There is a surtax of four per cent on investment income over $2,400 amounting to $304, making a total of $1,946. This amount the fortunate gentleman would have to pay to the treasury of Canada, were it not for the fact that under the Income Tax Act there is a credit coming to him of twenty per cent of his dividends, or $2,000. So that he does not pay any income tax at all.

Now, if such married man with two children were unwise enough to work for his living, and smart enough to get $10,000 a year for doing it, he would be in a much less privileged position and would actually pay $1,642 a year. I am quite sure the Minister of Finance will tell us that this is to offset the gross injustice of those who have been taxed on dividends before. He will point out that unless we have this provision, these individuals are in effect taxed twice. That is to say, the company earnings are taxed before the distribution of the dividends is made.

When I read the defence of his position which he put on *Hansard* last year I wondered just in what way this fortunate shareholder of a company differed from a man who worked for that company. I wondered just what extra privileges he would be entitled to over the head of the man who works to make money which provides the taxes and dividends. I think there can be little doubt that this is a privilege that is given to a group of Canadian citizens over the heads of the vast majority of Canadian people.

That however is not the only evidence in this budget that it is, as I say, a budget admirably designed to promote the comfort of the comfortably off. We have, of course, the provision with regard to the two per cent personal income tax for old age security. Here again we have an odd situation. The tax is payable on the first $3,000 of taxable income, making a tax of $60 for any taxpayer. I suppose the philosophy behind this is that, by and large, the majority of those who are going to seek old age pensions in their old age will come from the lower income brackets. Therefore, with unerring justice, the Minister of Finance provides that such people should pay a larger proportion of their income toward this cost than do the more fortunate people in society. But it has created a curious situation. The man with the taxable income of $3,000 a year pays $60, and the man with a taxable income of $10,000, $15,000, $20,000 or $25,000 a year

pays $60 for old age pensions, departing entirely from the principle of a graduated tax based on ability to pay which prevails throughout the whole of the rest of the income tax structure.

One of the features of this budget which has not been changed in any significant manner is one which perhaps the majority of Canadians are not aware of; at least they are not conscious of its impact on their pocketbooks. I refer to the 10 per cent sales tax. In the first place, I might say that most authorities are of the opinion that sales taxes are regressive taxes; that they tend to place the burden inequitably largely on the shoulders of those least able to pay. However, as I say, most Canadians are not conscious of the fact that they pay 10 per cent on a vast range of commodities they buy, and they are still less conscious of the fact that in actual fact in most instances they pay much more than that; because one of the most pernicious features of this tax is that as it is imposed at the manufacturing level it has a pyramiding effect as it is imposed throughout the economy.

The manufacturer adds the 10 per cent to his price to the wholesaler. The wholesaler, when he calculates his mark-up, does so on the basis of the price plus the 10 per cent, and the same process may take place when it passes into the hands of the retailer. It is of course impossible to estimate with any degree of accuracy the actual amount of money that the Canadian public pays in respect of this 10 per cent sales tax. Some investigators whose reports I have read suggest that it may exceed $1 billion a year, out of which of course the government of Canada receives about 75 per cent, $759 million in the present budget.

I suggest, Mr. Speaker, that these are evidences of the fact that this budget is designed not to impose the necessary burdens of taxation on the people of Canada in the most equitable manner possible, but to impose them as heavily as possible on the shoulders of the vast mass of the people who draw modest or small incomes to as great a degree as possible. The provisions of the Income Tax Act to which I have referred indicate that this government is extremely solicitous of a rather privileged minority in our society.

I suppose one need not be surprised at this particular attitude on the part of the government toward the fiscal policies of the country. It is perhaps all of a part with the whole attitude towards our present economic situation that is revealed in the budget address of the minister and has been revealed before this session by other government spokesmen. We have all noted—and those who have spoken before have nearly all commented on it—the very optimistic picture painted by the minister of the future of the Canadian economy, and one must of course pay tribute to his powers of optimism, but I have been wondering just on what he bases his optimism. On examining his speech I find some flaws of logic in his argument, because at page 3723 of *Hansard* I find he has this to say:

> In the economic sphere, 1953 has been a much better year. Industrial and agricultural production in almost all countries has continued to expand, and consumption has risen. Supplies of many products entering into international trade are becoming more plentiful, and international markets more competitive. The recovery of Germany and Japan has contributed to this development. It is becoming increasingly evident that after many years of scarcity and inflation we are returning to more normal competitive conditions.

That statement is perfectly true. I do not think any observer of events would quarrel with it; but when we find the minister drawing the conclusion from that that the economy of Canada is facing a cloudless future, then, as I say, I wonder about his powers of logic. Because it is just the very recovery of these countries that has begun to create again the problems we have known so well in the past; it is just the fact that we have rehabilitated those war-torn countries that has brought them back into the picture as producers, producing very often the same goods that our own people produce in Canada. It is perhaps significant that in the last few months here in eastern Canada, and I imagine by now in western Canada, there are on the streets a great many German Volkswagens which have been shipped here from a rehabilitated Germany. It is perhaps no coincidence that the Japanese textile industry has been put on its feet again, and simultaneously we are bombarded with complaints from the Canadian textile industry about the sad state of their sector of the economy.

I am not suggesting for one moment that we should not have rehabilitated those countries. Plain common sense, in addition to human decency and humanitarianism, would have obliged us to do so; but I do think that we should take our heads out of the sand and not fail to understand just what the consequences are going to be.

I think we can find the parallel of this situation in the history of Great Britain, because in essence Canada and the United States have done in the post-war period what Great Britain did throughout the long period of time when she was at the top of the industrial tree, when she exported not only

commodities but capital goods for the manufacture of commodities, to various countries of the world, and of course inevitably those countries entered the markets of the world in competition with Britain. We are therefore facing the inescapable results of a competitive and private profit-making enterprise system, and all the loud cheers of prosperity ahead will not enable us to get over that situation simply by words.

I suggest, Mr. Speaker, that a more realistic point of view would be to recognize the fact that the world is again approaching that stage when decisive international action will have to be taken at the cost of many cherished traditions, institutions and illusions which our society has fostered. We shall have to face the fact that the only solution for mankind with our appalling productive capacities is to plan for world-wide co-operation rather than to attempt to compete one with the other, to attempt to drive others out of our markets and drive ourselves into their markets, which must of course only mean further international dislocation.

The Minister of Finance also made another very striking and very revealing comment with regard to the economy of Canada. He said at one point that he recognized of course his optimism was based on the assumption that the present economic recession in the United States will grow no worse. Then he had this to say on page 3725 of *Hansard:*

> A significant change took place in the direction of our export trade. Sales to the United States rose by over $100 million, while the proportion of our exports going to the United Kingdom and other commonwealth countries declined, reversing the trend which had prevailed during 1952.

There is a clear statement of the very state of affairs which hon. member after hon. member has complained about since the opening of this session. Here we have a plain statement from the Minister of Finance that under his government's auspices our trade has been channelled even more firmly to the United States market than it was before. No wonder he bases his assumption of continuing Canadian prosperity on the continuation of United States' prosperity. Because any doubts or hesitations he may have in his mind about the United States economy would, of course, undercut all his assumptions about a prosperous future for Canada.

Now these instances, Mr. Speaker, indicate to me that this government is still playing the role of Micawber and is still hoping that something will turn up; still hoping that by some miracle we can get past that rock upon which our economy nearly foundered in the thirties; still hoping by some magic of international agreements—Heaven knows the last thirty years is strewn with the wreckage of international agreements—we shall overcome this inescapable contradiction of a profit-making society, the contradiction of each one of us forcing our goods on the other in order to balance the trade of every nation in the world.

I have wondered, Mr. Speaker, whether other members of the house have been struck, as I have, with the most outstanding feature of this budget; the one that hits you smack in the eye when you read the accounts of the Minister of Finance. It is the fact that Canada is still spending 43 per cent of her revenues on defence projects. One might have thought that in the light of the recent revelations with regard to the development of thermonuclear weapons of war there may have been some hesitation on the part of this government to continue a program which must have been instituted long before these revelations were made. But there has been no suggestion from the government that they have in any way considered recasting their plans for the defence of Canada, in spite of the fact that the United States has given us clear hints of that and disturbed us very much; despite the fact that Great Britain has announced a similar recasting of her plans. We hear no indication at all from the government of Canada that it is actually contemplating coping with the situation with plans governed by these recent rather terrifying developments.

One can see, Mr. Speaker, that even useless defence expenditures have a certain psychological value; that is to say they do comfort people in the thought that possibly they are protected from the danger of attack. I can recognize that psychological value very well. If I may be pardoned for referring to an incident in my own history, I recall an incident of the first war. Three of my comrades and I were overtaken by shell fire at night. We jumped into a disused trench and crawled under a shelter that was placed across the trench. We sat there quite happily, quite confident we were safe from flying pieces of shrapnel. When we got up to go after the shelling was over one of my comrades, upon reaching up, discovered we had been sitting underneath a blanket all that time. There is no doubt about it, it increased our equanimity greatly. We sat there in considerable comfort. No doubt even the expenditure on equally useless weapons of defence has the same comforting influence on the people.

I am not suggesting for one moment that it may not be necessary to spend all of $2 billion, perhaps more than that, on defence

against these modern weapons, if indeed there are any such defences. I might interject here that scientific opinion is not very encouraging on this score. I have yet to see any reputable scientist or any reputable authority on aerial warfare suggest that there is any real defence against these weapons. I have yet to hear the suggestion that there is any other defence than that suggested by Mr. Dulles, the suggestion that has so upset the rest of the world. It may be that there are some defences, and it may be that they will cost many times more than we are now spending for defence. The point I want to make is this, that we should be examining the necessity for that type of defence and looking with a critical eye in the direction in which our present vast expenditures are being made.

Speaking for myself, I should not care to be charged with the responsibility of justifying before this chamber the expenditure of nearly $2 billion in 1953 for defence plans which must have been formulated before there was any widespread knowledge of recent developments. I think the Minister of National Defence (Mr. Claxton) or the Minister of Finance or the Prime Minister (Mr. St. Laurent) or any of their colleagues would have a difficult job doing that. Of course we are not given, nor can we expect to be given, the details of the manner in which these funds are being expended today. Everyone recognizes that. But I think there is no one in this house who would suggest that the thought has not passed through his mind, and I am sure passed through the minds of most other Canadians, that a very large part of these funds must inevitably be going down the drain today, and be just about as useful as if we were spending the money on bows and arrows.

I suggest that while we are re-examining the reality of Canada's defence position, our government should be prepared to divert several hundred millions of dollars, possibly 25 per cent of this defence budget, to other purposes. By that means we could play a worth-while and really important part in the task of rehabilitating and developing those areas in the world which are today the danger spots. Every competent observer from Asia tells us that we are in a race with time today, a race with the communists, and that the measure of our success in that race will be the speed with which we can bring their standard of living up to something approaching our own. Not long ago a committee of this cabinet was interviewed by a delegation of workers from the agricultural implement industry who came to ask the government for some help of some sort. They had no real suggestions to make, but they wanted some relief from their plight as a result of the curtailment of that industry.

I recall that the then acting prime minister, the Minister of Trade and Commerce (Mr. Howe), was unable to give them any more comfort than to suggest that they had better go elsewhere to look for other sorts of jobs. I feel that was rather cold comfort for a man with a wife and family and an established home in that area, particularly since the Minister of Trade and Commerce was unable to offer them any practical suggestions as to where they should look for jobs. How much more effective it would have been for those people and the economy of Canada had the acting prime minister been able to announce that this government was prepared to spend a large amount for agricultural machinery as a contribution to the development of southeast Asia. How much happier those men would have been when they went home, and how much more confident we could be with regard to the future were such a policy being followed today.

I am prepared to run the risk of being jeered at when I suggest that at least $500 million of the money the Minister of National Revenue (Mr. McCann) is going to collect from us this year is going to be completely wasted because it is going to be spent on weapons and means of defence that have been rendered as outdated and obsolete as the weapons that were in use before the first world war. As a matter of fact, Mr. Speaker, I should not be at all surprised when this House of Commons meets next year to find that our budget appropriations for defence have been severely pruned. I, in fact, will be very much surprised if they are not severely pruned. I would urge the government that they should do this in the open, that they should make a declaration to the people of Canada that they are recasting our whole defence program; that they are going to take advantage of the enormous sums we have appropriated to make a really worth-while contribution to world peace, which may indeed be more effective than any arms or any weapons of defence we could devise.

So, Mr. Speaker, we have had a budget which, as I said, is designed to bring comfort to those who are already comfortable; it is designed to place a heavy burden on those who are least able to bear it, and designed, moreover, to toss a great deal of the proceeds down the drain in pursuit of an obsolete and worn-out concept of defence.

Mr. Deputy Speaker: Is the house ready for the question?

Some hon. Members: Yes.

Mr. A. B. Weselak (Springfield): Mr. Speaker, this being the first occasion on which I rise to address the house since becoming a member, I would like to follow the custom of the house by congratulating you, Mr. Deputy Speaker, and also Mr. Speaker. I must say that I have listened attentively to your rulings and have found them to be fair and just, and therefore I am pleased on this occasion to associate myself with other hon. members in this respect.

This afternoon, I listened with considerable interest to the speech made by the hon. member for Assiniboia (Mr. Argue). For forty minutes I heard a tirade such as I have never heard before. Throughout his speech the hon. member criticized the actions and policies of the government; forecast a depression, stated that we had lost all our markets, and that blue ruin was prevalent in the west. While it must be admitted that there is no room for overoptimism, neither is there licence for presenting a dismal and frightening picture to the public, particularly to those who are not normally familiar with the facts.

The hon. member for Assiniboia belittled every effort made by the government to move western surpluses, ignoring the fact that unusually large crops have produced record surpluses, while at the same time farmers in western Canada have marketed greater quantities of grain than ever before, and export sales have reached new peaks. His speech, while critical, certainly was not constructive, and contributed nothing toward a solution of the farmers' problems. When asked how he proposed financing a substantial gift of grain to southeast Asia his only reply was that we should tax corporations or, in the alternative, reduce defence expenditure by $500 million.

While I hold no brief for corporations, there is a limit to which taxes can be levied on corporations. Capital investment is essential to the development of this country and its progress, and eventually a saturation point is reached when the tax has the adverse effect of restricting investment of such capital. Offhand I am not in a position to say whether this point has been reached, but I do not believe the reply given was seriously considered by the hon. member before it was made. His alternative, namely to reduce our defence expenditure, also suggests a certain measure of lightness, and no doubt would be welcomed by any potential enemies of this country.

Reverting to my remarks regarding wheat, I wish to go on record as being in support of our wheat board system of marketing. I feel that the government, through the wheat board, has done a tremendous job in disposing of the unusually large crops which have produced record surpluses.

During the debate yesterday, the hon. member for Inverness-Richmond (Mr. MacEachen) pointed out that the unemployment figures today should be viewed bearing in mind the labour force and the total number presently employed. He pointed out that unless these factors were taken into consideration the unemployment figures were not being placed in their proper perspective.

As regards our wheat surplus, consideration should also be given to the fact that whereas our normal wheat crop is 325 million bushels per year, in the past three years the prairie production of wheat has reached anything from 529 to 664 million bushels. A total of 1,855 million bushels of wheat have been harvested in the past three years, compared with an average pre-war harvest of approximately 936 million bushels over a similar period, and which means in effect that the production has been practically doubled.

Our normal exports would have been adequate to absorb the pre-war production, but they have not been sufficient to keep pace with the production for the past three years. The record shows that in 1950 producer marketings were 367,845,000 bushels which was high for the period 1944 to 1950. In 1951 our producer marketings were 455,341,000 bushels. In 1952 our producer marketings were 535,942,000 bushels, and in the period August 1 to March 3 inclusive our 1953 marketings were 263,200,000 bushels for a period of seven months.

An analysis of these figures indicates that had we been producing average crops then we would not have had sufficient grain to fill the markets which we have had in the past three years. An examination of any of the records of the wheat board and board of grain commissioners will indicate that our exports exceeded 500 million bushels last year and our consumption last year, including grain for milling purposes, exceeded a total of 200 million bushels making a total in excess of 700 million bushels disposed of in the past year.

The wheat board is faced with a serious problem, but I have every confidence that if markets are to be obtained every effort will be made by the government to obtain these markets. We must admit that the marketing of these huge stocks of grain presently on hand presents a serious problem, and while

it is anticipated that the world demand for wheat will eventually increase so as to take care of the situation, there remains the immediate problem of disposing of the wheat now at hand.

In presenting his budget the Minister of Finance (Mr. Abbott) made the welcome announcement that there would be no tariff increases. Our economy is dependent upon exports and any steps taken by the government to curb international trade is bound to have an adverse effect upon the export of our produce. The minister admitted that considerable pressure was being put on the government for tariff protection in various industries, and he is to be commended upon the stand he has taken in this regard. We therefore welcome the minister's announcement to the effect that there will be no tariff increases, and we agree with his opinion that tariff increases are not in the best interests of Canada.

In his budget speech the minister referred to the fact that there had been a return to normal competitive conditions in world markets, and he pointed out that any retrograde step towards protectionism at this time would jeopardize any prospects for real progress in this country.

On this occasion I also wish to commend the minister on the consideration given by him to the municipalities in the matter of exemption from sales tax of road machinery and fire-fighting equipment purchased for their own use. The purchase of such equipment is usually a substantial item in any municipal budget, and the saving through this exemption will be of assistance to the municipalities who are hard pressed to find the required moneys to provide essential services in their communities.

In the face of the rigidity of our expenditures caused by commitments for social security, health measures and defence, there was little room for tax reduction. During the war public works were curtailed, and therefore we are faced with a backlog of required public works which also require attention and money for their completion.

The opposition decry the fact that no substantial tax reductions were made, yet a reading of *Hansard* during consideration of the estimates, particularly those with reference to the Public Works Department, discloses that the demands for increased public works for public buildings and other public structures emanated from the opposition benches.

Resolutions have appeared on the order paper in the names of hon. members of the opposition during the course of the session requesting further extension of expenditures in the field of health and social security. Had the government acceded to all these requests I can assure you, Mr. Speaker, that the budget brought down last Tuesday would have reflected in no uncertain way the extent of such commitments which would have had to be passed on to the people of Canada in substantially increased taxation.

There is, however, one aspect of the budget which has caused me considerable concern and that is the reduction in net farm income. The white paper tabled before the presentation of the budget shows that net farm income had declined by almost 14 per cent in 1953 from the level of 1952. It explains that more than half of this decline can be attributed to a reduction in the volume of agricultural products produced and a small portion perhaps to the four per cent reduction in the farm labour force. I realize that with the rehabilitation of Europe markets for our products are not as readily available as they were in the war and immediate post-war years, and that agriculture as well as industry must face the fact that we are today faced with competitive markets and must therefore regulate our production costs accordingly.

The wholesale price index published in the budget papers appended to *Hansard* of April 6, 1954, discloses on page 3781 that the wholesale price index of fully and chiefly manufactured goods, which are mainly the goods required by farmers, rose from 211 in 1950 to 227·8 in January, 1954, while wholesale prices of Canadian farm products dropped from 236·7 in 1950 to 209·4 in January, 1954. It is therefore obvious that the farmer's cost of production has risen sharply in the past three years while his return has substantially dropped in the same period. The situation is becoming serious and on this occasion I would ask the government to give serious consideration either to referring this matter to the standing committee on agriculture or to setting up a body which could be a committee of this house perhaps to study the matter of this increasing spread in order to determine what remedies, if any, are available to solve this growing problem.

This being my first address in this house, I should like to take this opportunity to commend this government and particularly the Minister of National Health and Welfare (Mr. Martin) for the progress which has been made in the field of national health. For the past four years I have been closely associated with one of the phases of the health program, namely the construction and equipping of rural hospitals. In my own constituency of

Springfield, which I have the honour to represent and of which I am justifiably proud—the reasons for my pride in my constituency I will reserve for a later occasion—prior to the inauguration of the health plan we had no hospital within its confines except one located at Pine Falls at the northern end of its more populated area. As a result of the program we now have in Springfield a modern, well-equipped, 25-bed hospital at Beausejour and a well-equipped modern 10-bed nursing unit in Whitemouth. I might say in passing that the hospital in Beausejour has operated since 1949 without a deficit, despite the fact that per diem charges are far lower than those in city hospitals and that the services certainly are comparable. At the outset there was certain resistance to the plan to establish units in the area. However, the vote was favourable and, through the co-operation of the province and municipalities affected, these units became a reality.

There is one aspect of this particular scheme that deserves particular comment, namely the policy of putting the responsibility for construction and operation of these hospitals at the local level. My experience has been that while local boards flounder a bit in their inexperience, nevertheless the close financial limits within which they have to operate makes it necessary for them to get a dollar's value for each and every dollar which is available to them. In addition, these local boards contribute their time voluntarily and, I can assure you, unstintingly. The policy to which I have referred also has the effect of fostering a local pride in these units which is amply evidenced by the organization of local guilds which do a tremendous job towards providing the amenities which a budget-conscious board must overlook in an effort to provide the technical equipment and aids which are usually desired. The value of such services to a rural community can be assessed only by those who now have them but previously were without them. The saving in life, the saving in money and the conveniences which have been made available by these hospitals certainly have made well worth while the effort put into them by the various levels of government and by local boards.

In closing may I say that I believe we must all realize that we are in a period of transition from a wartime to a peacetime economy and that certain dislocations in our national economy are unavoidable. I am confident that given good leadership,—which, in my opinion, we have—the people of Canada will weather the adversities we now experience and that, despite the predictions of ruin, the future growth and wealth of Canada will well outstrip the record of the past.

[Mr. Weselak.]

Mr. E. D. Fulton (Kamloops): Mr. Speaker—

Mr. Dickey: Has the hon. member not spoken already?

Mr. Fulton: I think the hon. member for Halifax (Mr. Dickey) is getting confused. He usually speaks twice himself, but others do not follow that habit.

Mr. Dickey: Another joke?

Mr. Fulton: Mr. Speaker, this afternoon we heard made in this house an appeal for a restoration of good relations between the dominion and the provinces. That appeal was made directly to the Prime Minister (Mr. St. Laurent) but so far it has gone unanswered. I hope that before the house adjourns for the Easter recess some indication will be given to us whether the government of Canada regards seriously its pledges to the provinces and its responsibility not only to preserve the system of confederation but to make it more workable.

I am a little bit surprised that in the course of this debate today, no answer has yet been made to the statesmanlike appeal made by the Leader of the Opposition (Mr. Drew). I am a little bit surprised that no indication has been given whether the dominion government is prepared to meet the provinces and to sit down with them around the table in an effort to arrive at an agreement or in an effort to discuss the problems which prevent an agreement on these extremely important subjects which are at the moment outstanding matters of difference between the dominion and all the provinces. The reason I am surprised is that I recall the glowing phrases which were used by the Prime Minister and various other ministers of this government in connection with certain conferences which were held in the year 1950 when not only was it indicated that progress was being made in the matter of discussions of problems of this sort but that we were within an ace of getting an over-all agreement which would govern for all future time the relations between this central government and the provincial governments. I wonder a little bit whether the reason we have not had an answer from the Prime Minister so far or any indication from any other spokesman for the government is that they are afraid that their forecasts of the possibility of agreement are not capable of being realized. I wonder whether they are a little bit self-conscious, shall we say, about the basis which they themselves suggested for the meeting of that conference.

My mind goes back over the last few years since we have been here and I recall some of the statements that have been made by the Minister of Justice (Mr. Garson), that great

Canadian patriot who, as I recall it, started—in his own words, not mine—to remove from Canada the last vestiges of colonialism. Those were his words. He introduced certain measures which he said were forward-moving steps in that process; and the last great task which he set himself was the repatriation of the Canadian constitution. So far that task falls far short of realization. If there is one person who, together with the Prime Minister, shares the major portion of the responsibility for the lack of fulfilment of that task, it is the same Minister of Justice.

I wonder whether the government does not dare to meet the provinces because they know that the provinces have needs and requirements which they are not able to meet under the present arrangements which they have made and beyond which the federal government is not prepared to go.

I recall that the premier of my own province of British Columbia has been down in recent months and has indicated clearly to the federal government that they require certain assistance over and above that which they are now receiving. The premier of British Columbia has laid before the federal government certain concrete proposals which so far have gone unanswered. I remember that the other day the Minister of Transport (Mr. Chevrier) used the extraordinary argument that he had not realized that the request of the province of British Columbia for assistance in completing the Pacific Great Eastern Railway was even a request at all.

While I do not share the political convictions of the premier of the province of British Columbia, I do share with him an awareness that the needs of that province with respect to the development of its own resources demand financial means which at the present time are beyond the capabilities of the province to meet because of the disadvantageous agreement which they have made with the federal government. The premier of that province came down here to lay before the federal government well-considered and reasonable requests for assistance in connection with the railway problem and in connection with the matter of development and a long range yield program for the handling of the province's resources, requests which so far have gone entirely unanswered.

I wonder why it is that the dominion government is so unprepared, so reluctant to meet the provinces, particularly in the light of the glowing statements that were made just some three or four years ago. I recall that the Minister of Finance (Mr. Abbott) sought in his budget address to lay the problem on a certain specific or particular basis. My answer to the Minister of Finance would be that before he is entitled to reproach any party in the house or any province in the dominion it is up to him and his government to indicate to the house and to the country the basis on which he would be prepared to deal with suggestions for an over-all solution of this whole problem. There could be nothing clearer, Mr. Speaker, than the fact that the responsibility for the initiative in this issue rests squarely upon the dominion government mainly through the instrumentality of the Minister of Justice (Mr. Garson).

But of course, as my leader pointed out this afternoon, the ultimate responsibility comes back to the Prime Minister of Canada. In substantiation of what I have said I want to refer in some detail to the record of the last dominion-provincial conference which held its first meeting on Tuesday, January 10, 1950. I hold in my hand the record of the proceedings entitled "Proceedings of the Constitutional Conference of Federal and Provincial Governments" for the first session on Tuesday, January 10, 1950 and the third session on Thursday, January 12, 1950. These meetings were held at Ottawa and in essence they were primarily devoted to a discussion of problems regarding amendment of the British North America Act. The conferences got off to an exceptionally good start. They were adjourned until September, 1950 when, at the invitation of the premier of Quebec, they met in Quebec city from September 25 to September 28. They met under the chairmanship of the Prime Minister of Canada, the right hon. gentleman who so far has shown an extraordinary reluctance to exercise any responsibility or any semblance of statesmanship notwithstanding the impasse into which dominion-provincial relations have fallen at the present time.

Mr. Abbott: That is what it is to be a Rhodes scholar.

Mr. Fulton: If any hon. member wishes to take exception to my words—

Mr. Lesage: That is what you would like.

Mr. Fulton: Yes, indeed I would, and I am going to give the hon. gentleman plenty of opportunity to do so because I am going to read from the record of this conference and the record of returns which were tabled in this house.

Mr. Lesage: You are beating around the bush.

Mr. Fulton: If my hon. friend wishes to interrupt, would he show the courtesy of rising to his feet to do so.

Mr. Abbott: We would not want to interrupt. Go right ahead.

Mr. Deputy Speaker: Order.

Mr. Fulton: The Prime Minister of Canada, speaking in the course of the conference in September, 1950, said these words as reported at page 58 of the proceedings:

I do not want to imply that what has already been decided here has the importance of Magna Carta, but I think we have all greatly benefited from the evidence and realization that all those attending this conference were sincerely desirous of doing everything within each one's power to arrive at the goal of settling in Canada matters of interest to the Canadian public, and that we are determined that those matters will ultimately be settled through institutions responsible to the Canadian public.

I suggest that the institution responsible to the Canadian public is this government, but in the last few days, weeks or months, indeed, years since 1950, it has not shown any very great sense of responsibility in this matter. The premier of Ontario discussed the progress made in the course of the conference, the purpose of which was to settle matters as between the dominion and the provinces. He was referring to the press statement authorized by the conference and he said:

As the press statement sets out, we have made very substantial progress. We are going to make more progress. I think I should express appreciation for the attorneys general committee which has met and which is going to meet again. That committee did a valuable job indeed. We now have clarified a great many things and I do not think it is breaking any secret to say that we have enlarged the scope and authority of that committee. I feel quite sure that when we meet next December we will make, not only more progress, but we will achieve the objective to which we have set ourselves, the objective of finding a way to amend our constitution in Canada in a manner which will protect all the minorities, all the races and all the interests in this great country of ours.

These, sir, are the words of the premier of Ontario referring to the press statement submitted by the Prime Minister of this country not quite four years ago regarding a conference called under the aegis of the dominion government, a conference which has not met since although they appointed a continuing committee under the chairmanship of the Minister of Justice who has done nothing more than find reasons and excuses for that conference not to meet again.

Then we have the words of the gentleman whom we were pleased to honour in tributes paid in this house today discussing the progress made in this conference. At page 60 of the report of the proceedings we find that the Hon. Angus L. Macdonald said:

However, we are on the right road. We have achieved certain things here. The continuing committee of attorneys general, with the Minister of Justice as chairman, will, I am sure, advance still further along that road and when the next plenary conference meets in December I feel sure we shall make still further progress.

I ask the Minister of Justice to ask himself, in the light of the remarks of that splendid Canadian voice which is now stilled, what thought he has given to making still further progress along that road? I hope the Minister of Justice (Mr. Garson), who was going to repatriate the constitution of Canada, and set the badge of his great achievement upon the liberation of these things, will say soon in the course of this debate what plans he has in mind for resolving this impasse for which, next to the Prime Minister and the Minister of Finance he, perhaps more than any other gentleman opposite, is responsible.

Then we have the premier of New Brunswick who said this, as reported at page 61:

We have had much to inspire us and there have also been things that have tended to sober us. What I mean is that we all realize that the job which was undertaken last January by this conference is going to be done some time.

Perhaps the premier of New Brunswick did not realize how prophetic those last two words were. He went on to say:

If we of this generation of public men do not do this job, the men of some other generation are going to do it. It is somewhat of a challenge to us to rise to the levels of statesmanship which are necessary to accomplish a task so great.

I suggest to you, sir, that those words, in the light of the sober realization of the facts of the situation today carry with them their own accusation of the present government which, by an obstructionist and obstinate course, has set itself against the making of further progress along those lines.

Then the premier of New Brunswick again echoed the words of the premier of Nova Scotia when, in his closing paragraph he said:

I think also, Mr. Prime Minister, that we have profited much from the guidance and the way in which you have carried out the important duties of your position as chairman of the conference. In closing I want to add my belief to the confidence that others have expressed that we are going to succeed in this work in which we are engaged. I know I leave here with a feeling that in the not distant future we will reach the goal which we all have in prospect.

Then the premier of Manitoba had these encouraging words—and hon. members will keep in mind that this was not quite four years ago—

As far as the work of the conference is concerned I know that you, Mr. Chairman, and all of us recognize that it would be unrealistic and even untruthful to pretend that we have accomplished everything that we set out to do. On the other hand, and as has been mentioned earlier, we have taken long strides toward reaching our objective.

Then the premier of Manitoba continued:

I am optimistic and we from Manitoba have always been optimistic as to the eventual outcome of this and other conferences.

Then the premier of Prince Edward Island expressed himself to the same effect. They all paid tribute to the work done by the Prime Minister of Canada and by the Minister of Justice in advancing the work of that conference. The conference closed on September 28, at which time a press statement was issued containing the following:

The conference has had a full and frank discussion of the principles applicable to such a general amending procedure and has reached agreement on many of them. Its members are unanimously of the opinion that substantial progress has been made and are exceedingly gratified at the spirit of harmony and co-operation which has been shown by all delegates throughout the whole of the proceedings.

May I remind the house that this conference was held at the invitation of the government of that province, in the city of Quebec. The press release goes on to say:

The conference has requested the continuing committee of attorneys general to study the proposals which it received with a view to arriving at an amending procedure satisfactory to all governments concerned. The continuing committee met today in the late afternoon and agreed that the provincial attorneys general and the Minister of Justice would exchange views by correspondence leading up to a meeting to be held at Ottawa on November 13, 1950 in order that the matters referred to it might be further considered and a report prepared for submission to a third plenary session of the constitutional conference to be held immediately after the federal-provincial conference on fiscal and other matters which is to meet in Ottawa on December 4, 1950.

The continuing committee has also been authorized to study the methods and techniques whereby a Canadian constitution can be domiciled in Canada as a purely Canadian instrument.

There I can read between the lines the fine Italian hand of the Minister of Justice, harking back to his oft-repeated shibboleth of repatriation of the Canadian constitution, liberating Canada from the shackles of colonialism. I wish the Minister of Justice would set himself occasionally to tasks which are important with the same realism and energy as, in the days of 1950, he set himself to this imaginary task of the liberation of Canada from those hypothetical and entirely imaginary chains which he thinks bound her. And I must say the Minister of Justice has not shown the same ambition, energy and zeal since 1950 which he showed in those well-worded and high-sounding press releases which followed the conference in September of 1950.

Because nothing—absolutely nothing—has happened since—not one thing. Nothing has resulted from this conference, which started off in such a blaze of glory and which dissolved on September 28, 1950 with so many high-sounding words, so many promises of progress for the future. Whether or not there was a meeting on November 13, 1950, as was arranged by the continuing committee, I have been unable to find out. But I do know that on December 4 the federal and provincial governments met again in conference in Ottawa, and issued this statement to the press, as it is reported at page 137 of the proceedings of that conference. The statement bears the following heading, "Statement to the press by the Right Hon. Louis S. St. Laurent at the conclusion of the conference", and states:

The conference discussed:

1. The offer of the federal government for new tax agreements;
2. The offer of the federal government respecting old age security;
3. A provincial proposal for an amendment to the constitution to permit the provincial legislatures to levy an indirect sales tax at the retail level.

The press release goes on to set out the proposals in four short paragraphs, the concluding two of which are as follows:

And that the provincial governments would consider the proposal for new tax agreements and indicate their respective positions at a later date. It was also decided to suspend the further deliberations of the federal-provincial conference on constitutional amendment and of its continuing committee of attorneys general pending consideration of the tax agreements and related matters. Once these have been disposed of, the committee of attorneys general will resume its deliberations at the earliest convenience of the federal and provincial governments.

And that was the end of that conference. Since that time—since December of 1950—we have had nothing but a deep, dark and abysmal silence. The Minister of Justice apparently has abandoned his zeal and his energy. Perhaps he feels that notwithstanding the lack of progress he is nevertheless a good Canadian. I hope he feels he is. I hope he feels he does not labour under any disability because he has not bothered to reconvene this conference. I hope he also realizes to the full that the failure to reconvene this conference is now bedevilling the Canadian constitutional picture and the relationship between the dominion and the provinces to a point where there is grave danger to the whole of the Canadian confederation.

I say that, Mr. Speaker, because the Minister of Justice himself has tied in the whole of the fiscal arrangements between the dominion and the provinces with these constitutional conferences, by the exchange of correspondence which he himself tabled in the house the other day. The Minister of Justice admitted in the answers to questions quite recently that he was in fact appointed chairman of the continuing committee; that his appointment had never been revoked, and that the continuing committee has held no

meetings since 1950. He also admitted that the dominion government has issued no invitations since 1950 for any further meetings of the conference, and that he had however received suggestions from some of the provinces that there should be further meetings. Those suggestions were received in inquiries from the premier of Alberta and from the premier of Saskatchewan. In substantiation of that, there was tabled in the house on April 8, as sessional paper No. 209, copies of correspondence exchanged between the premiers of Alberta and Saskatchewan and certain ministers of the present government.

What happened was that on July 12, 1951, the premier of Alberta wrote to the Prime Minister of Canada referring to a press report of the Prime Minister's "Nation's Business" broadcast, in which the Prime Minister said as follows:

> We are actively striving to work out with the provincial authorities a suitable method of making here in Canada any amendment which may be required in the future, to our own constitution.

It would be interesting to hear from the Prime Minister what he regards as being encompassed within the words "actively striving to work out." Will the Minister of Justice tell us; will the Prime Minister tell us; will the Minister of Finance tell us what active efforts have been made by the government since 1950 to work out this suitable method of amending our own constitution here in Canada? Will any of the hon. gentlemen tell us what active efforts have been made by them in this or in any other field of dominion-provincial relations to meet with the provinces and work out any method of agreement whatsoever? Will they tell us what active efforts are being made to meet the reasonable requests of the premier of the province of British Columbia in this or in any other field? Will the minister tell us what has caused him to abandon so entirely his position that until he had repatriated the Canadian constitution we were somehow or other labouring under the shackles of outmoded colonialism, as they have pointed out so enthusiastically? What is the reason for the great change in attitude between September, 1950 and April, 1954?

This is what the Prime Minister said in 1951: They were actively striving to work out with the provincial authorities a suitable method of amending the constitution here in Canada, and the premier of Alberta, I think with a pardonable and understandable curiosity, inquired as follows:

> I would be interested to know if this statement indicates that you propose to reconvene shortly the dominion-provincial conference on constitutional matters. It is our sincere hope that this may be the case. We feel that no time should be lost in finding a satisfactory method of amending our own constitution in Canada.

[Mr. Fulton.]

Well, sir, that received a polite acknowledgment from Mr. J. W. Pickersgill, special assistant to the Prime Minister, a gentleman who has since been translated into another capacity, in which he remains singularly silent on this matter. I hope that when he returns from his undoubted well-earned Easter holiday he will also enter into this matter, and with the advantage of the great background which he has acquired behind the scenes he will be willing to stand up in front of the curtains and enlighten us on all the difficulties which have since beset the dominion government and have persuaded it that it would no longer be profitable even to meet with the provinces around the table to try to work out a solution. However, this Mr. J. W. Pickersgill acknowledged the letter from Mr. Manning and told him:

> I am sending the letter on to Mr. St. Laurent at his summer home in St. Patrick, where he is hoping to spend most of the rest of this month.

And that, Mr. Speaker, was the extent of the satisfaction which Mr. Manning got out of this whole matter until some months later, in September, 1951, when there is a very interesting letter written to Mr. Manning, following upon the fact that the premier of Saskatchewan had made a similar inquiry as to whether and when this conference might be reconvened. After having discussed the matter on the telephone with the premier of Saskatchewan, the Minister of Justice wrote a letter to Mr. Manning dated September 6, in which he said this:

> I believe with you, and feel sure that Mr. Douglas does also, that the best chance of achieving success in the solution of this problem lies in continuing the discussions that were commenced last year.

Some chance, in view of the complete inactivity of the Minister of Justice over the three-year period since the letter. However, he continued, there were certain reasons why it might not be convenient to have it at that particular moment. Then he said:

> Moreover, we have a feeling here, which is shared by Premier Douglas and also by the attorneys general of two other provinces with whom I was conversing today, that we shall probably be able to make more progress in the conference on constitutional amendment after the outstanding fiscal matters relating particularly to the dominion-provincial tax agreements have been cleared up. We think, and in this we are confirmed by the views of several provinces, that it would be wiser to delay the reconvening of the dominion-provincial conference on constitutional amendment until after agreement has been reached between the dominion and the provinces with regard to the matters which were under discussion at the dominion-provincial conference on fiscal relations.

I suggest to you, sir, that no exchange of correspondence could have made it clearer that the whole matter of the relations, both on the particular matters and on the broad general scale, between the dominion and the provinces which were the subject of discussion at the dominion-provincial constitutional conference, is made dependent upon reaching an agreement on fiscal relations between the dominion and the provinces. Indeed, sir, it is difficult for me to understand how any agreement with respect to over-all constitutional amendments, modification or any other aspect of the constitution whatsoever could be reached without some discussion of their impact on the financial arrangements. And since the one is again dependent upon the other, and since the Prime Minister of Canada has issued such glowing statements as to the progress made in the one field and as to the prospects of success in the future with respect to that field, and since the Minister of Justice, as it were, practically staked the whole success of his political career upon repatriating the Canadian constitution, to use his own words, I must confess that I am unable to understand what excuse this government finds for its complete, its continued, its obstinate, and its deliberate failure to invite the provinces to meet with it since December, 1950, to continue those discussions.

I hope, sir, that you regard with equal seriousness to that which I regard it and with which I know every hon. member in all parties regard it, the desirability of reaching agreement on a method of amending Canada's constitution here in Canada. It is a matter to which the Prime Minister referred in a "Nation's Business" broadcast, a broadcast to all the Canadian people in 1951. It is a matter to which he referred again in the course of his election campaign tour of 1953 in the city of Vancouver, and I dare say elsewhere. It is a matter to which the Prime Minister attached the greatest of importance when it suited the political convenience of the moment and of the Liberal party and of the hon. gentleman to do so. But it appears to be a matter which, when it comes to be a concrete problem to be grasped and dealt with in the interests of the whole Dominion of Canada and in the interests of preserving the constitutional relationships of the Dominion of Canada, the hon. gentlemen are more concerned with their political advantage than they are with the national welfare.

Then, as now, they seek to temporize, to procrastinate and to dissimulate with regard to this matter, because they realize that if they grasp the nettle it may sting. The Liberal party, which has always been prepared to set its own particular partisan interests above those of the nation, is not prepared to be stung. But, sir, I suggest to you that this is an issue upon which it is necessary to take a national rather than a partisan point of view. For the reasons which I have advanced, and the quotations that I have placed on the record, I believe we are quite within our rights in saying that this government owes it as a bounden duty to the Canadian people to take up this matter where they left off in September, 1950, and to call the provinces around the table to meet with them under the continued chairmanship of the Prime Minister of Canada, and make a real national effort, rising above narrow party considerations, to solve the problem and find a basis upon which all the provinces and the dominion can go forward again in harmony and unity.

(Translation):

Hon. Jean Lesage (Minister of Northern Affairs and National Resources): Mr. Speaker, in rising to take part in this debate I do wish it to be clear that I am neither dissimulating nor procrastinating, as the hon. member for Kamloops (Mr. Fulton) has accused the members of the government and its supporters of doing. On the contrary, in the time at my disposal, I would like to discuss financial relations between the federal government and the provinces. This problem, as he has said himself, by the way, has been a most difficult one for several years. Events which occurred in the province of Quebec in recent weeks have added to its seriousness.

Like the hon. member for Kamloops I think that this matter must be dealt with from a national point of view. But we must remain realistic and deal with this problem as it is, and in the light of present circumstances. I am sincerely convinced that the calling of a federal-provincial conference to examine the rights granted by the constitution would not bring about an immediate solution to the problem with which a large number of residents of the province of Quebec are now faced. The problem for these people is an immediate one, and it is with that matter particularly that I would like to deal, within the larger framework of federal-provincial financial relations in the whole of Canada.

Since it is now nearly ten o'clock I would like to move that the debate be adjourned.

Inquiries of the Ministry

(Text):

Motion agreed to and debate adjourned.

IMMIGRATION

DEPORTATION ORDER AGAINST MR. AND MRS. HENRI ZORIN

Hon. W. E. Harris (Minister of Citizenship and Immigration): I wonder whether I might have the consent of the house, Mr. Speaker, to revert to orders of the day to answer a question asked this afternoon by the hon. member for Dufferin-Simcoe (Mr. Rowe)?

Mr. Speaker: Has the minister the consent of the house to revert to that period?

Some hon. Members: Agreed.

Mr. Harris: He inquired about a gentleman by the name of Henri Zorin, who was under order of deportation in Montreal. I find I dealt with the appeal on December 15, and dismissed it. In the meantime, however, this gentleman has taken proceedings in the courts of Quebec in order to delay the operation of the deportation order. I feel, therefore, I should not make any statement about it.

BUSINESS OF THE HOUSE

Mr. Harris moved the adjournment of the house.

He said: As I shall not be here tomorrow evening, I should like to announce the business for the week following our return after the recess. We shall begin on Monday with a motion to go into supply, and when it is carried will call four departments. We shall then resume this debate, but on Thursday and Friday will take the estimates of public works and northern affairs.

Motion agreed to and the house adjourned at 9.58 p.m.

HOUSE OF COMMONS

Wednesday, April 14, 1954

The house met at 2.30 p.m.

DIPLOMATIC INSTRUMENTS

TABLING OF BILATERAL AND MULTILATERAL AGREEMENTS

Hon. L. B. Pearson (Secretary of State for External Affairs): I should like to table, in English and in French, texts of three multilateral agreements and eight bilateral agreements concluded recently between Canada and various other countries.

PRIVATE BILLS

SENATE BILLS—FIRST READINGS

Bill No. 423, for the relief of Mary Joy Thomson Asselin.—Mr. Hunter.

Bill No. 424, for the relief of Ronald Arthur Leslie.—Mr. Hunter.

Bill No. 425, for the relief of Lucienne Saint-Laurent Calve.—Mr. Hunter.

Bill No. 426, for the relief of Roberta Barbara Shvemar Feigelman.—Mr. Hunter.

Bill No. 427, for the relief of Pearl Marie Neil Lane.—Mr. Hunter.

Bill No. 428, for the relief of Marjorie May Price Amory.—Mr. Hunter.

Bill No. 429, for the relief of Marie Jeannette Laure Lafreniere Lucas.—Mr. Hunter.

Bill No. 430, for the relief of Frances Goldberg Glegg.—Mr. Hunter.

Bill No. 431, for the relief of Thelma Nellie McKeage Patrick.—Mr. Hunter.

Bill No. 432, for the relief of Madeleine Roy Julien.—Mr. Hunter.

Bill No. 433, for the relief of Louis Tothe. —Mr. Hunter.

Bill No. 434, for the relief of Joseph Delphis Guillaume Delorme.—Mr. Hunter.

Bill No. 435, for the relief of Nicolas Joseph Ladislas Barath.—Mr. Hunter.

Bill No. 436, for the relief of Ferencz Gyula Babinszki.—Mr. Hunter.

Bill No. 437, for the relief of Beatrice Alexandra Duff Sheppard.—Mr. Hunter.

Bill No. 438, for the relief of Remi Charbonneau.—Mr. Hunter.

Bill No. 439, for the relief of Kathleen Florence Pippy Hayward.—Mr. Hunter.

Bill No. 440, for the relief of Fred Skiffington.—Mr. Hunter.

QUESTIONS

C.B.C.—TELEVISION INSTALLATION IN TORONTO

Mr. Thatcher:

1. What was the total cost of the Canadian Broadcasting Corporation's television installation in Toronto, including building, transmitter, tower, ground system and studio equipment?
2. Were tenders called for this installation?
3. If so, was more than one received?
4. On what basis was the tender or tenders awarded?
5. Who drew up the specifications for buildings and equipment?
6. Were these specifications checked or revised by any outside source or authority?

Mr. McCann:

1. The corporation's television installation at 354 Jarvis street, Toronto, has cost $2,457,702.51 to February 28, 1954.

2. Yes.

3. Yes.

4. Tenders were awarded on the basis of the lowest quotation to meet the specifications and requirements of the corporation.

5. The corporation's architects and engineers.

6. Yes. The tower was designed by the supplier. The reinforced concrete structural design of the building was prepared by outside engineer consultants. The designs and specifications of the tower and building were approved by municipal authorities of the city of Toronto.

CORPORATION INCOME TAX—CLAIMS FOR DEDUCTIONS

Mr. Knowles:

1. For the latest taxation year for which the information is available, what was the total amount of money for which deductibility from corporation income tax was claimed by corporation income tax payers in respect of donations, contributions to approved charities, etc.?
2. For the same taxation year, what was the total amount allowed as deductible?
3. For the same taxation year, what was the total loss to the federal treasury because of such deductions?

Mr. McCann:

1. In 1951, corporations reporting profits claimed $24,691,000 as charitable donations. This is set forth in 1953 taxation statistics, page 121, line 34.

2 and 3. Statistical information not available.

Questions

MARSHLANDS REHABILITATION EXPENDITURES —NOVA SCOTIA

Mr. Balcom:

What moneys have been spent in Nova Scotia, and in what locations, on marshlands rehabilitation in the fiscal year 1952-53?

Mr. McCubbin: The following amounts have been spent in Nova Scotia, on marshland rehabilitation, in the fiscal year 1952-53:

Surveys and engineering, $78,257.90; construction work shop (Amherst, Nova Scotia), $50,021.94; construction and maintenance of projects, $587,062.40.

Name	County	Amount
Advocate	Cumberland	$ 99,437.73
Allan River	Annapolis	121.34
Amherst Point	Cumberland	1,863.58
Annapolis Royaltown	Annapolis	11,100.25
Barronsfield	Cumberland	3,005.10
Bishop Beckwith	Kings	11,241.05
Castle Frederick	Hants	7,298.70
Converse	Cumberland	100,239.88
Dentiballis	Annapolis	658.84
Dugeau	Annapolis	1,130.85
Elderkin	Hants	2,619.67
Falmouth Great Dyke	Hants	17,484.13
Falmouth Village	Hants	13,655.58
Fort Belcher	Colchester	16,721.51
Fox Bow	Annapolis	1,488.51
Glenholme	Colchester	99.95
Grand Pré	Kings	1,698.72
Granville Centre	Annapolis	2,944.77
Habitant	Kings	5,488.19
Hebert	Cumberland	1,555.66
John Lusby	Cumberland	14,805.69
Kennetcook	Hants	42.50
Martock	Hants	11,111.72
Masstown	Colchester	12,606.13
McKay	Cumberland	780.93
Morse	Annapolis	1,046.56
Morse Bishop	Annapolis	258.85
Moschelle	Annapolis	831.34
Mount Anne	Annapolis	1,197.37
New Minas	Kings	10,090.29
Newport Town	Hants	1,090.60
Oslo North River	Colchester	9,622.52
Pre Rond	Annapolis	5,010.83
Queen Anne	Annapolis	13,085.00
Ricketson	Annapolis	542.60
River Hebert	Cumberland	55,525.56
Rosette	Annapolis	262.20
Round	Colchester	3,082.40
Ryerson	Annapolis	1,909.67
Saulnierville	Digby	154.56
Scotch Village	Hants	5,846.69
Seaman	Cumberland	4.63
Selma	Hants	22,930.30
St. Croix	Hants	13,538.80
Tregothic	Hants	1,905.18
Truro Dykeland Park	Colchester	15,060.62
Upper Belleisle	Annapolis	2,948.70
Upper Nappan	Cumberland	9,243.77
Victoria Diamond Jubilee	Colchester	1,026.13
Walker	Annapolis	802.55
Wellington	Kings	18,630.28
Windsor Forks	Hants	50,380.20
Woodworth	Annapolis	1,833.22
Total		$587,062.40
Grand total		$715,342.24

Questions

ARMED SERVICES PAYROLL—HALIFAX

Mr. Balcom:

What is the total of the payroll in Halifax, for (a) army; (b) navy; (c) air force?

Mr. Blanchette:

Total pay and allowances for service personnel in Halifax during the year 1953 were:

(a) army	$3,792,312.24
(b) navy	5,106,973.67
(c) air force	801,600.00
	$9,700,885.91

FEDERAL EXPENDITURES—ALBERTA

Mr. Hanna:

1. What was the total expenditure in Alberta for the fiscal year 1952-53, by the federal government, including the statutory subsidy and tax rental agreement payments?
2. What was the total expenditure during the fiscal year 1952-53 in Alberta by each federal government department and agency?

Mr. Benidickson:

1 and 2.

Expenditures by the federal government in the province	Thousands of dollars
A Direct payments to the provincial government:	
(a) Compensation under dominion-provincial taxation agreements	$ 32,322
(b) Compensation under section 7, Dominion-Provincial Tax Rental Agreements Act, 1947 (share of net taxes collected from certain public utility companies)	991
(c) Statutory subsidies	2,127
(d) General health grants (national health and welfare)	2,106
	37,546
B Direct payments to or on behalf of individual residents of the province:	
(a) Family allowances (national health and welfare)	22,576
(b) Pensions (world wars 1 and 2) —veterans affairs	8,892
(c) Veterans war service gratuities and re-establishment credits (veterans affairs)	858
(d) Veterans post-discharge rehabilitation benefits (veterans affairs)	220
(e) War veterans allowances (veterans affairs)	1,793
(f) Old age pensions, pensions to blind persons (and old age security payments)—National health and welfare	19,847
	54,186
C Interest paid on Government of Canada bonds:	
Estimated amount of interest paid to holders of Government of Canada bonds in the province	15,577
D Estimate of major expenditures by government departments or agencies within the province:	
(a) Agriculture	11,009
(b) Citizenship and immigration	1,906
(c) Defence production	68
(d) Finance	873
(e) Fisheries	13
(f) Justice	326
(g) Labour	1,630
(h) Mines and technical surveys	206
(i) National defence	74,418
(j) National health and welfare	1,945
(k) National revenue	2,024
(l) Public works	2,177
(m) Resources and development	7,750
(n) Royal Canadian Mounted Police	2,623
(o) Trade and commerce	835
(p) Transport (including C.M.C. and N.H. board)	2,263
(q) Veterans affairs	4,152
(r) Central Mortgage and Housing Corporation	91
	114,309
E Proportional share of federal government's contribution to the unemployment insurance fund.	
Portion allocated to province on basis of proportion of number of insured workers in province to number of insured workers in Canada	1,561
Total expenditures	$223,179

Expenditure figures do not include:—

(a) The more general type of budgetary expenditures which are made for the benefit of the country as a whole and which are of direct benefit to all the provinces. In this category are the expenses of the central legislative body at Ottawa, the financial and administrative departments at Ottawa and the research activities of the national research council.

(b) Payments to the majority of suppliers of goods and services as the payments are in many cases made to the head office of the company and therefore do not lend themselves to an accurate segregation by provinces.

Questions

MARGARINE AND BUTTER—COMPARATIVE FOOD VALUE

Mr. Poulin:

1. In taking as a basis of comparison butter and margarine sold by dealers in Canada, is the nutrition division of the Department of National Health and Welfare in a position to state which of these two products has the greater food value?
2. If so, which product?

Mr. Robertson:

1. No, because sufficient analyses of butter and margarine as sold in Canada are not available in the files of the nutrition division.

2. See answer to No. 1 above.

LA MARTONA, LION AND MONARCH SPREADS

Mr. Boisvert:

1. Are the products, labelled La Martona, Lion spread and Monarch spread, foods under the provisions of the Food and Drugs Act?
2. If so, what are the components of such products and the proportion of each?
3. Where are the producers of these foods located?

Mr. Robertson:

1. Yes.

2. The product La Martona is labelled to show the ingredients as shortening, butter, emulsified cream cheese, with condiments and salt. Laboratory analysis of this product has shown a moisture content of 15·84 per cent and a fat content of 77·18 per cent.

The product Lion spread is labelled to show the ingredients as animal fat, salt, milk powder, flavouring and colour. No analytical report is available at the present time.

3. The product La Martona is made by Les Fromages Davidson Cheese Products Ltee, Ste. Thecle, P.Q., and the product Lion spread is made by the Lion Spread Products Ltd., Grand'Mere, P.Q.

CANADIAN WHEAT BOARD—MIXING OF WHEAT GRADES

Mr. McCullough (Moose Mountain):

1. Is it the policy of the Canadian wheat board to mix different grades of wheat prior to sale?
2. If so, what method is followed and for what reason is this done?
3. What grade of wheat is used to make first grade flour?
4. What was the net price per bushel for grade 3 northern wheat delivered by farmers to elevators at Carlyle, Saskatchewan, for each year 1939 to 1953 inclusive?
5. For the years 1939 to 1953 inclusive, what percentage of Canadian wheat graded No. 1 northern; No. 2 northern and No. 3 northern?

Mr. Dickey:

1. The Canadian wheat board, not operating elevator facilities, does not mix grades of grain. Operators of elevators may mix grain in accordance with the terms of the Canada Grain Act and regulations thereunder.

2. See answer to No. 1 above.

3. The Canadian wheat board cannot answer this question because it is not engaged in the milling of wheat. Generally speaking, grades from No. 1 northern to No. 4 northern inclusive are considered as milling grades although at times lower grades can be used. Much depends upon the milling characteristics of each grade from year to year.

4. The Canadian wheat board can only answer this question in so far as board initial payments, interim and final payments are concerned. The following table shows net proceeds to producers for No. 3 northern wheat delivered to the board at Carlyle (18 cents per cwt.) Prairie Farm Assistance Act levy deducted.

Crop years	Initial payments	Interim payments	Final payment	Net proceeds to producer at elevator
	cents	cents	cents	cents
1939	46·530	.....	.....	46·530
1940	47·025	.....	8·146	55·171
1941	48·510	.....	15·897	64·407
1942	68·805	.....	11·612	80·417
1943	104·940	.....	12·146	117·086
1944	104·940	.....	18·677	123·617
1945	104·940	49·500	8·341	162·781
1946	114·840	39·600	8·341	162·781
1947	114·345	39·600	8·341	162·286
1948	133·155	19·800	8·341	161·296
1949	152·955	.....	8·341	161·296
1950	113·355	19·800	29·343	162·498
1951	117·315	19·800	25·333	162·448
1952	117·315	19·800	22·341	159·456
1953	117·315	.....	.....	.....

[1] From August 1, 1939 to September 27, 1943 producers may have marketed wheat outside of the Canadian wheat board.

Questions

5.

	No. 1 Northern	No. 2 Northern	No. 3 Northern	Total for 3 grades
1939-40	56·3	22·2	4·6	83·1
1940-41	49·0	28·7	8·7	86·4
1941-42	36·5	38·1	10·2	84·8
1942-43	12·5	32·2	26·4	71·1
1943-44	19·4	47·4	16·6	83·4
1944-45	25·1	49·3	13·7	88·1
1945-46	30·6	45·5	12·1	88·2
1946-47	20·5	44·9	17·1	82·5
1947-48	13·8	43·0	22·0	78·8
1948-49	42·6	36·7	5·7	85·0
1949-50	27·6	51·4	7·4	86·4
1950-51	4·3	15·8	19·1	39·2
1951-52	0·5	7·8	35·1	43·4
1952-53	9·6	51·4	21·0	82·0
Aug. 1-March 31, 1953-54	3·7	51·2	30·7	85·6
Percentage for whole period	22·7	37·0	16·9	76·6

Percentages shown for the years 1939-42 inclusive are computed on the basis of inspections by Board of Grain Commissioners and do not include tough and damp classifications within these grades.

Percentages shown from 1943 on are taken from the marketing statistics of the board and include tough and damp classifications within the grades 1, 2 and 3.

INDIANS

Mr. Mang:

1. What is the Indian population of Canada?
2. What has been the rate of increase in the last ten years of the Indian population under seven years of age?
3. How many Indian day schools are there in Saskatchewan?
4. How many Indian residential schools in Saskatchewan?
5. How many new Indian schools have been constructed during the past four years?
6. What is the total amount of money held by the federal government in trust for Indians in Canada, and what rate of interest does this amount bear?
7. What has been the total earnings of Indians in Saskatchewan for the years 1950-51-52-53?
8. From what sources is the revenue of Indians derived?
9. What is the total annual expenditure of the Indian affairs branch in (a) Canada; (b) Saskatchewan?

Mr. McCann:

1. 136,407, according to the 1949 departmental census.

2. The population of this age group increased by 26·4 per cent during the period 1939 to 1949.

3. 52 day schools and one seasonal day school.

4. Nine.

5. 205, including 31 constructed in the province of Saskatchewan.

6. $22,881,111.38. The interest rate for $1,069,889.85 is six per centum and five per centum on the remainder.

7. This information is not available.

8. Sources of revenue of Indians include wages, salaries, or other returns from a wide variety of occupations; also rentals and royalties from reserve lands, interest on trust funds and family allowances, old age pensions, etc.

9. (a) $15,184,013 for the fiscal year ending March 31, 1953.

(b) $1,794,596 for the fiscal year ending March 31, 1953.

The above figures are from the annual appropriation of the Indian affairs branch and do not include expenditures of the Department of National Health and Welfare.

IMMIGRATION—PERCENTAGE OF POPULATION

Mr. Fulton:

What is the figure, expressed as a percentage of total population, which it is felt by the government is acceptable as a rough guide to indicate the annual number of immigrants which, under normal circumstances, the country can safely bring in and successfully absorb?

Mr. McCann: The number of immigrants admitted to Canada in any one year is not based on a percentage of the population but is related directly to the absorptive capacity of the country, which varies from time to time.

LOANS TO OTHER COUNTRIES

Mr. Hansell:

1. What loans or advances, if any, were made to any other countries, during the years 1950 to 1953 inclusive?
2. What terms of repayment were agreed upon in each loan?
3. What security does Canada hold in respect to each of these loans?

Mr. Benidickson:

1. None.

2 and 3. Answered by No. 1.

Questions

INCOME TAX—QUEBEC

Mr. Deschatelets:

What sum of money does five per cent of the amount of individual income taxes paid by the taxpayers of the province of Quebec, for the fiscal year 1953-54, represent?

Mr. McCann: Information not available, as the time for filing 1953 income tax returns by individuals does not expire until 30th April, 1954.

MARITIME MARSHLAND REHABILITATION ACT—NOVA SCOTIA

Mr. Lusby:

1. What were the total expenditures made in the province of Nova Scotia, by counties, during the fiscal year 1953-54 under the provisions of the Maritime Marshland Rehabilitation Act?

2. What new construction projects under the provisions of the act are contemplated for the fiscal year 1954-55, in the county of Cumberland, and what is the proposed amount of expenditure on each such project?

Mr. McCubbin:

1. The following amounts have been spent in Nova Scotia under the provisions of the Maritime Marshland Rehabilitation Act in the fiscal year 1953-54:

Surveys and engineering	$ 73,107.98
Construction work shop at Amherst	38,344.34
Construction supervision ...	28,181.54
Construction and maintenance of projects	729,991.80
Total	$869,625.66

Project expenditures by counties:

Cumberland	$297,516.26
Hants	235,799.37
Colchester	29,057.37
Annapolis	150,207.86
Kings	17,200.54
Digby	161.00
Yarmouth	49.40
Total	$729,991.80

Note: These figures are not complete in that April 30 is the closing date for paying accounts incurred during the fiscal year; and a few accounts not yet submitted are not included.

2. Proposed expenditures by projects in Cumberland county in the fiscal year 1954-55:

Amherst Point marsh	$23,000
John Lusby marsh	28,200
Minudie marsh	76,000

Estimated cost of maintenance and repairs to existing works in county for fiscal year 1954-55: $7,000.

[Mr. Benidickson.]

POST OFFICE EXPENDITURES—NOVA SCOTIA

Mr. Balcom:

1. What was the total expenditure during the fiscal year 1952-53 for postal services in Nova Scotia, for (a) salaries at staff offices, district offices and for railway mail clerks; (b) salaries at semi staff, revenue and sub post offices and rental allowances paid by the Post Office Department?

2. What were the estimated rentals and maintenance costs of post offices in public buildings and rentals paid by the public works department for other post offices, during the calendar year 1952?

3. How many rural routes and other mail services, separately, were in operation in Nova Scotia on April 1, 1953 and what was the total cost thereof, during the fiscal year 1952-53?

4. What was the revenue derived from postal operations in Nova Scotia, during the fiscal year 1952-53?

5. How many post offices were there in operation in Nova Scotia as at April 1, 1953?

Mr. Kirk (Shelburne-Yarmouth-Clare):

1. (a) $1,968,043; (b) $939,803.

2. $374,696.

3. Rural routes, 302; side services, 207; stage services, 367; city services, 47. Total cost, $907,470.

This does not include the proportionate cost of railway and air services as it is not practical to apportion this on a provincial basis.

4. $4,149,099.

5. 1,215.

UNEMPLOYMENT INSURANCE ACT—INCREASE IN BENEFITS

Mr. Knowles:

1. Has the Unemployment Insurance Act been studied, since January 1, 1954, by the government or by any officials thereof to determine whether there should be an increase in the rates of unemployment insurance benefits?

2. If so, by whom have such studies been made?

3. Have such studies resulted in any decisions or recommendations to the Minister of Labour?

4. If so, what are the terms of any such decisions or recommendations?

5. Will legislation based thereon be introduced at this session?

Mr. Martin:

1. Continuously under study.

2. Unemployment insurance commission.

3. No.

4 and 5. See answer to No. 3.

UNITED NATIONS

DISARMAMENT COMMISSION—CONTROL OF ATOMIC WEAPONS

On the orders of the day:

Mr. John Hunter (Parkdale): I should like to address a question to the Secretary of State for External Affairs. Is the United Nations disarmament commission, which includes Canada as a member, taking any

action at present to achieve agreement on the prohibition and control of atomic weapons, including the H-bomb?

Hon. L. B. Pearson (Secretary of State for External Affairs): Mr. Speaker, the hon. member was good enough to give me notice of his intention to ask this question, the answer to which is in the affirmative. The United Nations general assembly, by resolution of November 28 last year, suggested that the disarmament commission, which consists of the members of the security council and Canada, should study the desirability of establishing a subcommittee consisting of representatives of powers principally involved which would seek by agreement to work out arrangements for the elimination of all major weapons adaptable to mass destruction, and for effective international control of atomic energy to ensure the prohibition of atomic weapons and the use of atomic energy for peaceful purposes only. As the house will be aware, the disarmament commission held its most recent meeting in New York on April 9, and is meeting again this afternoon. In the resolution now before that commission Canada has been proposed for inclusion in the subcommittee, as a power principally involved, although no final decision has yet been taken by the disarmament commission. The Canadian government will of course play its full part as a member of the commission and is ready to participate in renewed efforts to resolve the problems of the control of atomic energy.

TRADE

PARIS CONFERENCE—STRATEGIC GOODS WITHHELD FROM COMMUNIST COUNTRIES

On the orders of the day:

Mr. Colin Cameron (Nanaimo): Mr. Speaker, I should like to ask a question of the Secretary of State for External Affairs. Has the minister's attention been drawn to the press report from Paris appearing in this morning's *Globe and Mail* regarding the conference of fifteen countries in Paris meeting to revise the list of strategic goods that the West refuses to send to communist countries; and can the minister inform the house whether Canada is sufficiently represented at this meeting?

Hon. L. B. Pearson (Secretary of State for External Affairs): I wish to thank the hon. member for having given notice of his question. I have seen the press dispatch in question, and Canada is being represented at the meeting to which this press dispatch refers. The head of our delegation to that meeting will be Dana Wilgress.

Inquiries of the Ministry

VETERANS LAND ACT

REPORTED REFUSAL OF FARM IMPROVEMENT LOANS

On the orders of the day:

Hon. Douglas Abbott (Minister of Finance): Mr. Speaker, on Monday, the hon. member for Brandon-Souris (Mr. Dinsdale) asked me if I was aware that veterans farming under the Veterans Land Act are being refused farm improvement loans. He also asked what is the reason for the change in policy respecting veterans.

I wish to state that there has been no change in the policy respecting these loans.

The Farm Improvement Loans Act provides for seven loan classes. The regulations under the act restrict loans in five of these seven classes to an owner of a farm. The definition of an owner under the Farm Improvement Loans Act is:

> Owner includes one having an equitable or legal interest in the farm.

A person holding land under the Veterans Land Act is a tenant at will. Section 10 of the Veterans Land Act reads as follows:

> Every veteran holding or occupying land sold by the director shall until the director grants or conveys the land to him be deemed a tenant at will.

It follows therefore that a Veterans Land Act settler would not be eligible for a farm improvement loan where a loan is restricted to an owner. A Veterans Land Act settler would, of course, be able to obtain a loan for the purchase of either livestock or farm implements. Under the regulations these two classes of loans can be made to tenants.

I am advised that one bank had issued a directive to its supervisors to the effect that Veterans Land Act settlers were not eligible for any loans under the Farm Improvement Loans Act. My officials took this up with the bank's supervisors and I have reason to believe that its head office will issue a corrected directive.

COAL

PURCHASES FOR GOVERNMENT BUILDINGS

On the orders of the day:

Mr. H. B. McCulloch (Pictou): Mr. Speaker, I should like to ask a question of the Minister of Mines and Technical Surveys (Mr. Prudham). How much bituminous coal was ordered for the federal government buildings in Ottawa for the fiscal years 1953-54 and 1954-55? How much of this, in each of the above two years, was Canadian coal?

Some hon. Members: Order paper.

Mr. McCulloch (Pictou): What prices per ton were paid in each of the two years?

Inquiries of the Ministry

Hon. George Prudham (Minister of Mines and Technical Surveys): Mr. Speaker, the hon. member was good enough to give notice of his question, and I am in a position to answer it.

His first question is:

How much bituminous coal was ordered for the federal government buildings in Ottawa for the fiscal years 1953-54 and 1954-55?

In 1953-54 there were 52,980 tons purchased, and for 1954-55 62,908 tons have been ordered. In 1953-54 I find that 11,908 tons were of Canadian origin and in 1954-55 I find that 62,908 tons have been ordered from Canadian mines.

The price paid in 1953-54 was, for American coal, $10.50 per net ton and the price paid in the same year for Canadian coal was $11.95 per ton. Canadian coal ordered for this year has been ordered at $10.68 per net ton for slack coal and $11.43 for stoker coal.

EXTERNAL AFFAIRS

IGOR GOUZENKO—REPORTED WITHDRAWAL OF POLICE PROTECTION

On the orders of the day:

Mr. Alistair Stewart (Winnipeg North): I should like to ask a question of the Minister of Justice. Is the newspaper story correct that the Royal Canadian Mounted Police have withdrawn protection from Igor Gouzenko?

Hon. Stuart S. Garson (Minister of Justice): Yesterday my hon. friend's colleague, the hon. member for Winnipeg North Centre (Mr. Knowles), asked a somewhat similar question. I would say in reply to both questions —that asked yesterday by the hon. member for Winnipeg North Centre and the one today by the hon. member for Winnipeg North—that, as the house is aware, it has always been the policy of the government not to disclose the details of the security arrangements made on behalf of Mr. Gouzenko. This policy of non-disclosure is still in effect. The arrangements made for Mr. Gouzenko's protection have, naturally, varied from time to time and have been adjusted to the circumstances of Mr. Gouzenko's own activities. To this end the government has endeavoured at all times to co-operate with Mr. Gouzenko.

I think therefore the house will appreciate that it is not in the public interest, and certainly not in Mr. Gouzenko's interest, to express at this time any opinion about the usefulness of continuing the present arrangements, since the information which has been sought is that which, I should imagine, would be most valuable to those who might have a hostile attitude toward Mr. Gouzenko's security.

[Mr. McCulloch (Pictou).]

TRANSPORTATION

MONTREAL—IMPROVEMENT OR CONSTRUCTION OF TUNNELS

On the orders of the day:

Mr. W. M. Hamilton (Notre Dame de Grace): Mr. Speaker, I should like to ask a question of the Minister of Transport. Has he knowledge of any plan for federal aid to improve the Wellington street tunnel in Montreal, or consideration of a new tunnel in its place in the near future?

Hon. Lionel Chevrier (Minister of Transport): All I can say is that during the sittings of the railways and shipping committee, when Mr. Donald Gordon was under examination, the hon. member for St. Ann (Mr. Healy) raised the same question. After some discussion during the course of the proceedings the president of the Canadian National Railways undertook to give the matter consideration. I understand since that, because of the representations made by the hon. member for St. Ann, the chief engineer of the Canadian National Railways and one of the representatives of the city of Montreal have been in consultation about the matter.

With reference to the second part of the hon. member's question, as to the tunnel, I would say that the federal government has already provided, in co-operation with the city of Montreal, two tunnels under the Lachine canal, one at St. Remi street and the other at Atwater street, the first at a cost of about $5 million and the second at a cost of about $7 million. I have no information as to any additional tunnels being provided at this time.

HOUSE OF COMMONS

ACTING HOUSE LEADERSHIP OF THE PROGRESSIVE CONSERVATIVE PARTY

On the orders of the day:

Mr. Daniel McIvor (Fort William): Mr. Speaker, I rise to a question of privilege. I should like to congratulate the hon. member for Peterborough (Mr. Fraser) upon his acting as leader of the Progressive Conservative group in the house. It is a good sign for the future.

NATIONAL DEFENCE

RECRUITMENT OF TEACHERS FOR OVERSEAS SCHOOLS

On the orders of the day:

Mr. G. K. Fraser (Peterborough): Mr. Speaker, I should like to ask a question of the Minister of National Defence. Owing to the fact that I have had a number of letters,

I should like to ask him to what branch of his department a school teacher would apply who wished to go overseas to teach the children of the men in the services. What are the qualifications required?

Hon. Brooke Claxton (Minister of National Defence): Mr. Speaker, we are hoping to open a number of schools in connection with the military camps and air force camps in Germany and France at the beginning of the 1954-55 school year. Arrangements have been made with the provincial school authorities in all the provinces, I believe, under which teachers qualified to teach in the various provinces should apply through the provincial school authorities; and places are allocated on a quota basis approximately in the proportion of the number of children whose ordinary places of residence would be in each of the provinces. However, in addition, some applicants have applied to the department. Such applications will be considered in conjunction with those received by the provincial authorities, and they should be made to Mr. Harry Low, the director of the bureau of current affairs.

CANADIAN NATIONAL RAILWAYS

SALE OF LITERATURE AT NEWSSTAND IN CHATEAU LAURIER

On the orders of the day:

Hon. Lionel Chevrier (Minister of Transport): Mr. Speaker, I should like to reply to a question raised yesterday by the hon. member for Oxford (Mr. Nesbitt). The hon. member asked:

> Is it the policy of the Canadian National Railways to permit the sale of the appalling trash sold under the name of literature on the newsstand of the Chateau Laurier hotel? If so, is this "literature" picked out for the hotel by any department, either the Canadian National Railways or the Department of Transport?

I replied by stating that if it was a concessionaire operating the newsstand I did not think the railways would have any jurisdiction over it.

I have since inquired of the Canadian National Railways and I find that the newsstand at the Chateau Laurier hotel is and has for many years been operated by a concessionaire. The hotel management, while exercising no direct control over the operations of the newsstand, can and do bring to the attention of the concessionaire any complaints respecting the type of printed matter sold on the hotel premises and demand its removal if the complaint is found to be justified.

I am further informed that there have been no such complaints since the year 1948, over and above the one which, I take it, the hon. member wished to make yesterday. I should like to add that if the literature is found to be obscene within the meaning of the Criminal Code then a prosecution can be entered at the instance of the provincial or municipal authorities who are responsible for the implementation of that section of the Criminal Code.

ROYAL CANADIAN MOUNTED POLICE

INQUIRY AS TO PURCHASE OF PATROL BOAT

On the orders of the day:

Hon. Stuart S. Garson (Minister of Justice): Mr. Speaker, yesterday the hon. member for Eglinton (Mr. Fleming), without notice, asked me two questions which I agreed to take as notice and to which I agreed to reply today. The first question was this:

> May I ask the Minister of Justice if it is not the policy of the Royal Canadian Mounted Police to purchase needed equipment in Canada when available from Canadian sources?

The answer to that is that it is the policy of the Royal Canadian Mounted Police to do so.

The second question was this:

> If so, is that policy now being followed with respect to the purchase of a patrol boat which is to be a prototype of other boats required for R.C.M.P. services?

The answer to that question is yes.

THE BUDGET

ANNUAL FINANCIAL STATEMENT OF THE MINISTER OF FINANCE

The house resumed, from Tuesday, April 13, consideration of the motion of Hon. Douglas Abbott (Minister of Finance) that Mr. Speaker do now leave the chair for the house to go into committee of ways and means, and the amendment thereto of Mr. Macdonnell.

(Translation):

Hon. Jean Lesage (Minister of Northern Affairs and National Resources): Mr. Speaker, I was saying yesterday evening that the financial relations between the federal government and the provinces had been a thorny problem, especially in the last few years. I added that the events which occurred in the province of Quebec in recent weeks have added to its seriousness.

I do not seek to lessen the gravity of the situation in which a group of taxpayers of Quebec find themselves. I know that my colleagues in the house recognize that the matter cannot be lightly brushed aside or easily settled. Because the situation may have far-reaching consequences, it must be examined from all angles, and its causes and

effects determined in a dispassionate manner, avoiding charges and counter-charges and, above all, name-calling. Would there be any justification, for instance, for accusing me of being an enemy of my province?

I am a Canadian, a son, a resident and a representative of the province of Quebec; to my mind, the only emotion which the circumstances permit is that resulting from the concern that the citizens of my province may find themselves in a predicament.

I fully realize that the personal income tax levied by the Quebec government and the attitude—fully justified, in my opinion—of the Canadian government in regard to total deduction of the tax, give rise in my province to differences of opinion which may rend the unity of the racial group to which I belong.

Peace and contentment within each group as well as between the groups that compose the Canadian nation are so necessary for the safeguarding of national unity and for the social and economic progress of our country that every man of good will must leave aside any political prejudice and interest and conscientiously examine the problem in an effort to find a solution. This afternoon I shall endeavour to set forth as objectively as possible the data of this problem.

The distribution among the provinces of taxation revenues in the form of grants by parliament is a policy which is entirely consistent with the spirit of confederation.

Statistics prove that the payment of subsidies to the provinces was an integral part of the implementation of the act in 1867 by the fathers of confederation themselves. Indeed in 1868, 54 per cent of the provinces' total revenues were made up of subsidies granted to them by the Canadian government. This percentage varied from year to year between 42 per cent and 57 per cent until 1888; between 29 per cent and 37 per cent from 1888 to 1909; from then on it gradually decreased until the depression of 1930-35 when, in that last year, the percentage reached a level of 46 per cent, to fall off again afterwards.

In regard to Quebec, the subsidies received from the Canadian government made up 60 per cent of the provincial revenue for the fiscal year 1867-68 or 59·67 to be exact. During the first ten years of confederation, the average was 46 per cent; during the first twenty-five years it was 37·5 per cent. This percentage has consistently decreased so that it barely exceeds 1 per cent at present.

[Mr. Lesage.]

It is not fair, therefore, to claim that the payment of subsidies to the provinces is contrary to the wishes of the fathers of confederation. Throughout their lifetime, such payments were made on a high scale.

Being faithful to the spirit of confederation, in order to establish a fairer distribution of revenues which help all the provinces to fulfil their constitutional obligations, the Canadian government made, since 1945, various proposals to local governments with a view to reaching fiscal agreements which would at the same time offer the important advantage of avoiding double taxation.

I think that nobody will deny that, in order to maintain our system of government, every level of government must have the financial resources it needs to fulfil its constitutional obligations.

But certain provinces would not be able to meet these needs simply by tapping the direct taxation fields within their territorial limits. Such is the case with the maritime provinces which, unfortunately, participate only in a slight degree in the economic development of the nation. Manitoba and Saskatchewan can claim their share of the taxes levied on a national revenue to which they are contributing handsomely, but which is out of reach of their taxing powers.

We must keep in mind that most of the head offices of the companies which derive their profits from operations which they carry out in all the provinces are located in Ontario and Quebec and that it is in these provinces that their incomes are subject to taxation, as is the personal income of most of their highly-paid employees.

Under those circumstances, it is only fair that the tax revenues be divided in some manner between the various provinces.

In the province of Quebec, for instance, most of the taxes come from the island of Montreal and are distributed throughout the province by the Quebec government. And yet nobody complains about it.

The proposed tax rental agreements submitted by the Canadian government between 1945 and 1950 were not deemed acceptable by all the provinces; but the latter did not submit any workable alternatives.

In 1950, the Canadian government called a new conference and put forward a new system of agreements which possessed the advantage of not requiring acceptance by all the provinces. Without studying in detail, for

the time being, the basis of payments made under those agreements, I wish to stress an all-important point. The amount of $134 million which the province of Ontario received for the fiscal year 1953-54 is substantially the same as the one it could have collected itself in corporation and personal income taxes, which are deductible taxes, had it not accepted the agreements. The latter amount could be estimated as follows for 1953-54:

	Millions of Dollars
1. 7 per cent on corporation income	81.0
2. Taxes on capital of corporations and the educational tax such as the one collected in Quebec	16.3
3. 5 per cent of the federal tax on personal income	4.7
	30.7
	132.7

It should also be noted that as far as the richest province is concerned, namely Ontario, the amount collected under the agreements on the one hand, and on the other, the product of direct deductible taxes it could levy are equal or quite so. The chief reason which prompted Ontario to sign an agreement was, therefore, to avoid double taxation.

The other provinces receive more, and Quebec could receive more, than they could levy themselves directly from deductible taxes.

The distribution of that surplus to each province out of general revenues of Canada is precisely the main reason for agreements, as I explained a while ago.

Quebec would have received, under the agreements, in 1953-54, the sum of $113 million. I exclude the succession duties which are not rented to the federal government by Ontario, and I leave out in my estimates constitutional subsidies. As it did not sign the agreement, it levied in corporation taxes, which are deductible taxes, the following amounts, according to the figures released by its minister of finance in his budget speech of February 12, 1954:

	Millions of Dollars
7 per cent on corporation profits ..	53.1
Special corporation taxes	
(a) on paid-up capital	13.5
(b) for educational purposes ...	3.5
Total corporation taxes	70.1

It should be pointed out immediately, at this point, that 5 per cent of the taxes levied by us in the province of Quebec would have amounted to $15 million, whereas 5 per cent of the taxes levied by us in Ontario amounted to more than $30 million. In other words we have collected from Ontario more than twice as much in personal income tax as we have collected in Quebec.

But let me return to the province of Quebec: $70 million deductible in respect of corporation income tax, 15 per cent deductible in respect of 5 per cent of personal income tax, that is, a grand total of $85 million deductible, as compared to $113 million which it could have received under the agreements. Since it is not the richest province, this means that it could have collected an extra $28 million under agreements whose object is precisely to enable less wealthy provinces to meet their constitutional obligations through a more equitable distribution of national revenue.

I said "national revenue" and that should be made clear: the additional $28 million which the province would have obtained through the agreements do not represent an amount which would be collected specifically in the province of Quebec, it would come from the federal treasury out of general taxes paid by all Canadians.

I said that the Quebec government had not seen fit to accept the agreement. I repeat that no pressure was exerted to have it sign. The only pressure I am willing to exert is to appeal to the provincial government so that we might reach an understanding in order to avoid, among other things, double taxation which it has just imposed upon many of the taxpayers in my province.

Let us not forget, Mr. Speaker—and this is no criticism on my part, I merely point out widely-known facts—that it is pursuant to a one-sided action of the majority in the Quebec legislature, an action that was taken although it was well known that the federal law only provides for a 5 per cent deduction, that 300,000 taxpayers in my province will pay a double tax on their revenue.

This double taxation is exclusively due to the decision of the Quebec government which now attempts to throw the blame upon the Canadian government. This reminds me of the little boy who pulled the cat's tail and replied to his father, who had told him to stop: "I am not pulling: the cat is."

We must clearly distinguish between two facts: on the one hand, there is the provincial legislation on personal income tax, the passing of which caused double taxation. On the other hand, there are the demands made upon the federal government to allow the total deduction of the provincial tax from the federal tax. These two questions should be distinguished with respect to their very nature as well as chronologically.

I would be the last one to suggest that the Quebec legislature had no right to impose such a tax. The constitution gives it the right to impose direct taxes within the province for provincial purposes. The problem is not whether the province has the right to tax personal income, for such a right is recognized.

The problem which we have to solve—and it seems to me it is important that we know just what this problem is—is not the matter of the right which the province has to levy income tax. This is a unanimously recognized right. That is not a problem.

The Quebec government has not consulted the federal authorities, neither before, during, nor since the passing of its law, in order to find grounds for a mutual agreement as far as deductibility is concerned, which is the second point at issue. We have read statements in newspapers, we have received claims from the taxpayers, but we have not heard from the Quebec government.

Is it necessary to make any comments on such a procedure? I do not believe so because, I repeat, we must avoid charges and counter-charges.

Some citizens of Quebec have asked us to amend our income tax law in order to allow those taxpayers who pay the provincial income tax to deduct the total amount of this tax from the federal personal income tax, up to a maximum of 15 per cent.

The Minister of Finance (Mr. Abbott) has pointed out to us why this was impossible. But I repeat that it is the intention of no one to deny the legislatures their right to tax the income of individuals.

We cannot, however, accept the unjustified claim that the provinces have priority over the Canadian government in so far as direct taxation is concerned. To my knowledge, it is neither arrogant nor provocative on the part of anyone to mention politely, according to the terms of our oath, the rights that are granted to the federal government by our constitution. Nothing in the B.N.A. Act may be construed as giving priority to local governments in the field of direct taxation.

I have already discussed this matter thoroughly in the house, and the member for Joliette-L'Assomption-Montcalm (Mr. Breton) expounded it in a masterly speech last November.

May I add that the law is so clear that it has never been referred to the courts. The right of the Canadian government to tax by every means has never been questioned, because the matter is beyond discussion. In 1945, the Leader of the Opposition himself, while premier of Ontario, stated:

> The provinces were authorized to levy direct taxes . . . whereas the federal government was authorized to procure funds by means of any kind of taxes.

For that matter, the theory that the provinces have a prior right is absurd. If such a theory were accepted, a province could levy a tax amounting to 100 per cent of the federal taxes on personal and corporate income and even of the federal sales tax, and if this tax were deductible from the federal taxes, nothing would remain of the latter.

I have sometimes heard the following: inasmuch as parliament allows a deduction of 5 per cent in regard to provincial taxes, it therefore recognizes the prior right of the latter. Or the following: since parliament pays a rental to the provinces that have signed tax rental agreements in return for their rights to direct taxes, it recognizes that local governments have a prior right in this field.

In neither case, Mr. Speaker, is there anything but the recognition of a parallel and concurrent right; in both cases, the Canadian government makes an honest effort to help the provinces, while eliminating the inconvenience of double taxation for the taxpayers, and the cost thereof for the governments.

If, having entered a business partnership, my partner and I have equal rights, nothing prevents me from leasing out my share to my partner. But such lease surely does not imply any priority either of his right or mine. It implies equal rights.

Mr. Speaker, before giving an answer to those who have asked that the new provincial tax be made deductible, you may rest assured that we considered the matter seriously, that

everything was duly weighed because, as I have said, the members of this government are not satisfied with the present situation.

But we must consider the facts as they are. What we are being asked is, in fact, from the point of view of deductibility, to amend section 33 (1) of the Income Tax Act which now reads as follows:

> Where an individual has paid tax on income for a taxation year to the government of a province in which he resided, was employed or carried on business during the year, there may be deducted from the tax otherwise payable under this part for the year the lesser of (a) an amount equal to the tax so paid, or (b) 5 per cent of the tax otherwise payable under this part for the year.

In other words, we are being asked to amend this section by changing the figure 5 to 15.

It is, in fact, what we are requested to do because, in order that each Quebec taxpayer may deduct his provincial tax in full, the deduction provided by section 33 on an individual basis must be allowed up to 15 per cent. This cannot be done otherwise than on an individual basis, of course.

What would be the effects of an amendment of that kind? Here I shall refer to the tax agreements since an attempt has been made to justify the merits of the suggestions which were brought forward by establishing a comparison between what the province of Quebec would receive under such agreements and what it now collects plus what it could collect in deductible taxes.

The suggested amendment would permit any province which has not signed an agreement or lets an agreement lapse, to levy on every taxpayer a personal income tax equal to 15 per cent of his federal tax and deductible from the latter. That means therefore that with a possible deduction of 15 per cent, Ontario would be greatly tempted to drop the agreements because that province could then collect over $60 million more than what it now receives under the agreements, at no additional cost to its taxpayers.

And more than that, I believe that Ontario could go so far as to request the termination of the agreement it signed on October 29, 1952. It could hold that there has been a breach of faith on the part of the federal government, since one of the bases of this agreement is precisely an amount equal to 5 per cent of the personal income tax liability of the residents of the province, as provided for by section 4 (1) (a) of the said agreement.

The $60 million surplus that I mentioned a moment ago could be collected by the Ontario government and would then be part of its revenue instead of going into the nation's consolidated fund. The benefit of the regulating effect of our taxation system would thus be lost for the nation and the province of Ontario would be placed financially in a privileged position, simply because it happens to be situated, geographically, in the centre of our country. Let us remember the case of Montreal, which I gave as an example, in relation to the rest of the province. Situated as it is, at the head of navigation, it pays the greater part of the provincial taxes.

On page 10 of its submission to the Prime Minister of Canada, the Montreal chamber of commerce says this:

> In practice, the federal government accepts the deduction of the provincial income tax from its own income tax within certain limits.

On page 27 of the same brief, the chamber of commerce determines what that limit should be when it says that one could seriously object to the full deduction of the new provincial tax only if the said deduction gave the province of Quebec a privilege not granted already to the other provinces.

Now, I indicated a moment ago that one of the main characteristics of the present agreements is that the province of Ontario obtains the same amount it would get if it levied its own personal and corporation income taxes according to the present rates of deduction from the federal income tax, that is 5 per cent in the case of personal income tax. The province of Quebec would thus have an advantage over Ontario, although the latter provides nearly half of the federal revenue derived from personal income tax.

Or else, the province of Ontario could consent to the continuation of the agreement, on condition that it be revised so as to give her as much as she could levy herself in the form of deductible taxes, including 15 per cent of the federal income tax. Consequently, that province could ask for a payment of $196 million instead of $134 million, that is, an increase of 45 per cent.

But the amounts payable to the other provinces would also have to be changed. Under the new formula with its 45 per cent increase, if it were accepted for Ontario, the amount would be $164 million instead of $113 million for Quebec.

And it would go round and round. Quebec would no longer be satisfied with 15 per cent. If it is fair to say, as has been said, that we should accept the principle of authorizing a deduction corresponding to the amount which the province would have received had she signed an agreement, Quebec would then request a 31 per cent deduction from personal income tax.

Again Ontario could say: "I am entitled to the same treatment", and so on. The ultimate and ridiculous consequence of all this would be that the federal government would no longer enjoy the fields of taxation granted to it by the constitution.

Some have said: "Why is it that last year parliament authorized the deduction of the Quebec educational tax and increased the amount of deductibility from 5 to 7 per cent in the case of corporation taxes?" The answer is quite simple: such a decision did not have the effect of undermining the very basis of fiscal agreements with the other provinces. The other provinces, and more particularly Ontario, had they not signed the agreement, could have received in deductible taxes, including that part of provincial taxes which became deductible last year, an amount not greater than the amount paid to each province under the agreements. But that is no longer the case, because, I repeat, the two amounts are now equal as far as Ontario, the richest province, is concerned.

Some would lay down as a principle that any province which has not signed an agreement should be entitled to levy deductible taxes in proportion to the amount it would receive under the agreements.

I have mentioned that, taking into account the present deductibility of corporation taxes, the deductible percentage in Ontario for personal income tax would have to be 5 per cent, which is the present rate, in order to maintain a proper balance. In Quebec, as I will show later on, it would have to be a little less than 15 per cent. I made the calculation for New Brunswick also and in that province it would have to be 63 per cent.

We can already see the tremendous confusion that would follow the application of that principle subscribed to by the Conservatives at their last convention, but conveniently forgotten by them since.

If, for instance, we were to recognize that, in the case of New Brunswick, the deductible percentage from personal income tax should be 63 per cent, would not the Quebec government be the first to ask for the same treatment?

How could we amend the Income Tax Act so as to recognize a percentage of deductibility which would vary from one province to another?

I cannot bring myself to believe that some would want to place us in such a position that we would have to put into force a law which would differ from one province to another.

It may be said that this could not happen, since all the other provinces, nine out of ten of them, have signed agreements. But these agreements are temporary and could be denounced for valid reasons. By laying down, at this time, the principle of discrimination, we would pave the way for anarchy.

But I will be told also that deductibility is being claimed, not in respect of 15 per cent of the whole of the federal income tax collected in the province of Quebec, but only in respect of 15 per cent of the income tax to be paid by the 300,000 taxpayers liable to the provincial income tax according to a scale of contributions providing for higher basic exemptions.

But let us not forget that section 33, which I quoted a while ago, provides for deductions on an individual basis. It could not be otherwise. This section allows every federal taxpayer to deduct up to 5 per cent in respect of the income tax paid to a province which is not party to an agreement.

If the figure 5 is changed for the figure 15, any non-signatory province, or any province which has allowed its agreement to lapse or which would have denounced its agreement for good and valid reasons, may benefit from the amendment. We must legislate here for all provinces, and when we allow a percentage of deduction, this percentage must be established in respect of the amount of income tax payable to the federal treasury, without any regard for the variable exemptions which may be allowed by the provinces in respect of their own tax. As a matter of fact these exemptions may well vary in a single province from session to session. How are we to know, for instance, whether, a few months from now, the Quebec government will not change their exemption levels to bring them down to the federal level, which would be much to their advantage since they would

thus be in a position to collect from every federal taxpayer up to 15 per cent of the federal levy without this costing these taxpayers one extra cent.

More than that, if the 15 per cent deduction were allowed, the province of Quebec itself could then levy more in deductible taxes than it would receive under the agreements. On the basis of the 1953-54 figures, I said that Quebec would have received $113 million, apart from the statutory grants, under the agreements. I do not take into account succession duties, as in Ontario; Quebec would find the same advantage in not renting this right. According to the figures given by its minister of finance, the province of Quebec has levied through various taxes on corporations—all of which were deductible for federal tax purposes—the sum of $70·1 million in 1953-54. Fifteen per cent of the federal personal income tax would have yielded $44·7 million in that same fiscal year, which means that the province could have levied $114·8 million in deductible taxes, or approximately $2 million more than what it would have received under the agreements.

The Montreal chamber of commerce will say: "Allow at least a 14 per cent deduction". But the difficulty which the chamber wants to avoid would still remain. There will still be double taxation, at least in respect of part of the 15 per cent tax to be paid by the taxpayers.

Is it not fitting to recall, Mr. Speaker, that this same body made representations to the Quebec authorities when the bill providing for a provincial income tax in that province was introduced, to the effect that the legislature should limit its tax to 5 per cent of the federal tax, while at the same time taking full advantage of it. This would have yielded, for 1953-54, an amount of $15 million, at no additional cost to its taxpayers. In my opinion, the chamber of commerce was in fact blaming the government of Quebec for imposing double taxation on personal incomes.

I have shown, I believe, that making the new provincial tax on personal incomes fully deductible in Quebec would not settle the problem. Far from being a solution, this deduction would create new difficulties with the other provinces as well as with Quebec itself.

In short, we are being asked to recognize that it is the privilege of the Quebec government to decide, as it deems fit and by one-sided action, what amount of revenue it may take from the federal treasury.

In other words, what is being asked of us is the power for Quebec not only to levy taxes upon its own taxpayers but on the Canadian government as well.

The government of the province of Quebec says that it does not want any subsidy. But what it is seeking from us is the permission to determine the amount of a federal subsidy to be collected in another way.

Mr. Speaker, it was only after seriously considering the possible consequences of what we have been asked to do, that we came to the conclusion that we could not accept the proposal made to us, as I say, not by the government, but by some Quebec taxpayers.

Since 1945, we have put forward various successive proposals which became acceptable to nine provinces out of ten only after various amendments.

The government of Quebec never made any counter-proposals; it acted unilaterally without any consultations whatsoever, and now there are those who would have us without further ado accept the *fait accompli* as the solution to this problem.

The fact that we are unable to accept this suggestion, which is the first offered to us whereas we have already made several that were rejected, does not mean that we are opposed to any further proposals. On the contrary. The study I have just made, speaking with due humility, and which has been made by others of this matter may perhaps throw more light upon the various aspects of the question, and thus provide the basis for a satisfactory solution.

If the government of Quebec is ready to try and find a common ground for agreement, I may assure you that, for their part, the members of this government are prepared to seek, in co-operation with the Quebec authorities, a solution to this difficult problem which we all want to solve.

There is no insoluble problem for men of good will, ready to discuss seriously, in all good faith, and without fanfare, a question on its merits.

(Text):

Mr. J. W. Monteith (Perth): Mr. Speaker, there were certain thoughts that came to mind the other evening as the minister was presenting his budget, and I should like to mention a few of them: Some minor relief in excise tax; no change in income tax; no expected increase in the gross national product. Government members almost appeared

to have a marked script telling them when to laugh and applaud. There was little concern for the Canadian taxpayer. Of course, with no apparent effort being made to curb expenditures, what else could be expected? The minister said that imports were up 9 per cent and exports down 4 per cent; exports to the United States were up and exports to the United Kingdom were down. He said that there was to be no further sales tax on road machinery, fire-fighting equipment and so on purchased by the municipalities, a very welcome gesture.

The minister does not believe that we have a high cost economy, which would seem to be a contradiction of some other ministers. There was uproarious laughter from the Liberal benches on the announcement that inventories on hand on April 6 must be sold, less the decreased tax. There was no apparent thought that while this is probably the only way the matter could be handled, some small operators could be forced out of business. There are plans to overhaul the federal Succession Duty Act. The present minister will start the overhaul, but who will finish the job?

There is no apparent concern about the hundreds of millions of bushels of wheat unsold in the west. In the minister's opinion there is no serious unemployment. When one considers the whole picture, Mr. Speaker, it seems to me to be anything but an impressive budget. My reaction as a newcomer to this experience of listening to a budget address was that there was very little of anything for anybody except the government.

There used to be a rule of thumb method of dividing profits of a company, Mr. Speaker. It was roughly 50 per cent to the shareholders in the way of dividends and roughly 50 per cent left in the company for further expansion, and so on. Now, the government takes approximately 50 per cent of the earnings, if those earnings are over $20,000, and leaves the other 50 per cent for these two purposes. This means possibly only 25 per cent of net earnings are left in the company to assist in the development of the company and of Canada.

I wonder if there is not a point of diminishing return in this matter of taxation. The minister found this out in connection with the taxing of tobacco and cigarettes. I feel a reduction in tax rates might well mean an increase in over-all taxes flowing into the treasury. I feel further that individual tax rates are too high. If the government could ever see its way clear to practise a certain amount of economy itself, as it preaches to others, there is no doubt that these onerous tax rates now in force could be reduced.

[Mr. Monteith.]

Just a word about unemployment. I should like to read a clipping from this morning's *Globe and Mail* which bears the heading "Lay-off at Stratford". The item is dated at Stratford, April 13, from the Canadian Press and says:

> Fifty-six men will be laid off April 21 from the C.N.R. motive power shops here in what is expected to be general staff reduction of between 700 and 800 workers in motive power and car shops across the system, C.N.R. officials said today. The layoff here represents a staff reduction of eight per cent—to 901 workers in shops here.

I cannot reconcile this announcement with all the fine words coming from the government benches. May I repeat, as I said in the house last March 1, that the government should take the lead and assure their own employees in the Canadian National Railways that their jobs are secure. That, in itself, would give confidence to the country as a whole.

I am not able to dwell on this subject further today, but I would point out that the list of employees in the civil service has grown from 115,000 at the height of the war effort, when there were all sorts of special services in effect, such as rationing and the like, to 125,000 in 1950 and to 135,000 regular employees last December, at which time there were altogether 170,000 on the payroll. I am wondering why the government's own railway employees should be let out at this time, when the government itself declares that we are due for better times and conditions.

I should like now for a moment to get back to a discussion of the budget. The budget would authorize the deduction annually of $1,500 from taxable income for payments towards superannuation plans. This is a suggested increase from $900 per year. What workingman or so-called white-collar worker could this possibly affect? Only someone earning a very large salary could derive any benefit from this change. It will not benefit other than a very few Canadians in the higher income brackets. I think that in this particular the minister's efforts might well be labelled "An Executive's Budget".

The budget also provides for the taxation of a residential mutual insurance corporation, other than a life insurance corporation, as though the surplus arising from its insurance activities on and after January 1, 1954, were a profit from a business. The remainder of the minister's statement in this connection is not of importance as it has to do with non-resident mutual insurance corporations.

Might I outline briefly the history of taxing these mutual fire insurance companies, as I understand that history. I think it was in 1947 that the budget first proposed taxing

this type of co-operative effort. They were to be taxed on net earnings, the same as any other company—with one somewhat technical adjustment to the effect that the reserve for unearned premiums was to be calculated at 100 per cent rather than at 80 per cent as required by the Insurance Act.

One mutual company appealed an interpretation of the act, and the appeal was upheld by the appeal board. I believe this decision was later reversed by the Exchequer Court. Then the Supreme Court of Canada, some time around last May, after the budget for that year had been brought down, found that if all or the majority of the members of such a body of people were banded together to insure themselves, any surplus arising from overpayment for insurance by them was not taxable.

The Supreme Court did find that income arising from the investment of that surplus was taxable, after an allowance of some three per cent of such income was deducted to allow for the expense of operating the investment portfolio, and so on. The main point was that no underwriting profit was taxable.

Now, it is obvious the minister wishes to get his hands on that underwriting surplus.

Let us consider some of the circumstances surrounding these mutual fire insurance companies. First of all, usually the members are farmers grouping themselves together to provide protection for themselves against fire loss. It is a co-operative effort.

I should like now to place on record a schedule of the limit on refunds of surplus by insurance companies as set out in section 117A of the Insurance Act of Ontario. This is governed by a limit per $100 of insurance after refund has been deducted from surplus. A company with over $2 million of direct insurance in force must have $1 of surplus for every $100 of insurance at risk; a company with over $5 million insurance in force must have 80 cents per $100 at risk; a company with over $10 million must have 70 cents; one with over $25 million must have 60 cents; one with over $75 million must have 50 cents and one with over $125 million must have 40 cents. I believe most companies would fall in the category of 60 cents or 70 cents per $100 at risk.

In section 117 of the Insurance Act of Ontario, if a company falls below 25 cents for every $100 of insurance in force, the department will force the company to adopt a basic premium of insurance of 80 cents per $100, covering three years. Other provinces have provisions somewhat similar to those in Ontario. This is especially true in New Brunswick, where the act is patterned after that in Ontario.

One point that has made it exceedingly difficult for these companies has been the increase in prices during the last number of years. It has caused a tremendous increase in the amount of insurance in force and caused a drop in the proportion of surplus to insurance in force, which has forced them to try to accumulate surpluses to prevent the basic rate being applied, and has also made it more difficult for them to refund surplus. Therefore surplus seems to me to be more in the nature of a reserve.

It does not appear to me that these members are in business to make money. We all feel the tariff insurance companies do not as a rule like to insure farm risks. What are these people to do? They simply group together to protect themselves against the possibility of fire loss. I see no argument particularly against taxing income from the investment of surplus, but I do take objection to the taxing of any small excess of premium receipts over losses and expenses of operations, particularly when under their provincial charters they are required to keep a certain surplus on hand.

Now, Mr. Speaker, I would like to mention a few matters concerning the operation of the Income Tax Act which, I think, should be brought to the attention of the house. They may seem rather minor but in their own way I believe they are rather important. I would like to read section 27, subsection 1, paragraph (c) of the act from Stikeman's "Income Tax Act" annotated 1953 revised. Section 27 states:

(1) For the purpose of computing the taxable income of a taxpayer for a taxation year, there may be deducted from the income for the year such of the following amounts as are applicable:

We now come to paragraph (c):

an amount equal to that portion of medical expenses in excess of three per cent of the taxpayer's income for the year paid either by the taxpayer or his legal representative

(i) within a period of twelve months ending in the year and not included in the calculation of a deduction for medical expenses under this act for a previous year, . . .

It would appear from the wording of the act that the taxpayer who does not pay his medical bills promptly receives the greatest benefit. In other words, the government appears to bonus the delinquent payment of medical bills. The act states that medical expenses will be allowed which are paid within a 12-month period, and since there is a three per cent deduction, it would appear that the taxpayer would be further ahead if he accumulated several years' medical bills and paid them all within the 12-month period. You might say, the taxpayer who paid his bills promptly during a three-year period would have nine per cent of his

income deducted for these medical bills, whereas, if he accumulated them and paid them in one year, he would have only three per cent deducted.

I would like to refer to another paragraph in section 27, namely paragraph (d). Section 27 states:

(1) For the purpose of computing the taxable income of a taxpayer for a taxation year, there may be deducted from the income for the year such of the following amounts as are applicable:

(d) $500 if the taxpayer

(i) was totally blind at any time in the year or was, throughout the whole of the year, necessarily confined, by reason of illness, injury or affliction, to a bed or wheel chair, and

(ii) did not include any amount in respect of remuneration for an attendant by reason of his blindness, illness, injury or affliction in calculating a deduction for medical expenses under this section for the year;

This does not appear to me to allow a person who is mentally unsound and who must have attendants looking after him at all times to make this $500 deduction unless he is confined to a bed or wheel chair. Actually he might be able to be taken for walks and so on but still require the full-time company of attendants. In my estimation these two paragraphs of section 27, subsection 1, might well be reconsidered, examined, and probably amended.

Another section of the act which does not seem entirely equitable to me is the matter of refund on overpayments. Section 57, subsection 1, reads as follows:

If the return of a taxpayer's income for a taxation year has been made within two years from the end of the year, the minister

(a) may, upon mailing the notice of assessment for the year, refund, without application therefor, any overpayment made on account of the tax, and

(b) shall make such a refund after mailing the notice of assessment if application therefor has been made in writing by the taxpayer within 12 months from the day on which the overpayment was made or the day on which the notice of assessment was sent.

The general practice of the department, upon receiving a taxpayer's return, is to send an assessment notice which also acts as a receipt for any amount paid at that time. Let us assume a taxpayer files his return on April 30. He would receive an assessment notice dated probably some time in May. Presuming the department found nothing incorrect, upon checking the return, the taxpayer would have 12 months from that date in May to apply for a refund if he later felt he was entitled to such a refund.

Now, suppose a taxpayer did not meet instalment payments in time, the department would in the course of time send him a reassessment notice demanding payment of interest, though the amount may be very small. In that case the taxpayer has 12 months from the date of the reassessment notice to apply for a refund if he felt such to be coming to him. In other words, the taxpayer who was paid up completely, upon making his return, would be penalized for those extra months if he should later find he had overestimated the amount of tax he should pay.

I contend, Mr. Speaker, that many taxpayers have suffered as the result of being unable to apply for a refund due to this time restriction. In fact, I know of taxpayers who have suffered substantially due to being unable to apply for a refund more than 12 months after receiving their original assessment, while other companies who received a reassessment notice and paid a small amount of interest had several months more time in which to discover an error and make application for such refund. It seems to me that this prevailing situation is unfair and should be remedied.

Now, Mr. Speaker, I would like to say just a word on this net worth method of calculating a taxpayer's income, particularly as it applies to farmers. I would like to say at the outset that I realize the inspectors of the department have a real problem. It is a simple matter to check on the return of an employed person. There are T-4 slips for evidence. It is comparatively easy to check on corporations or individuals in business. They, as a rule, have adequate records and books of account. The one case of the taxpayer who has not been trained or accustomed to keeping track of his receipts or disbursements is the farmer. The law states the farmer should keep records. That is easy to say. I wonder how those in this house who are not farmers would care to work 12 to 14 hours a day in the summer months and then try to write up a record of what moneys they may have received or what petty expenditures they may have made. Maybe there is no great difficulty in keeping track of a monthly milk cheque or of the sale of some hogs or cattle beasts, but it would be almost impossible to recall all the petty payments which a farmer is likely to make, such as for some seed, a few bolts for a hay loader needing repairs, a piece of harness and so on. I feel that inspectors sent out to investigate farmers' returns should themselves have had farming experience.

Sometimes a practice that has been made use of is that of taking signed statements from farmers as to their estimated cost of living and as to other details of their financial operations. I cannot agree with this procedure. The farmer when first approached by an income tax inspector is bound to be nervous, is likely not to understand completely what it is all about, and hence is

likely to make statements about transactions which are not entirely correct, although well intentioned. They may have applied to another year. I have seen that sort of thing happen. As so many farmers deal to a great extent in actual cash, their memories of certain transactions may well be at fault. The transactions might have taken place in one year instead of another. It has been my experience that some such signed statements may later prove to be incorrect, to the detriment of the taxpayer. I will say that in most instances income tax inspectors have eventually agreed to adjustments if such adjustments could be shown to be justified. That is not, however, my point. I feel that every opportunity and assistance should be given to the farmer in order to help him come to a correct determination of his taxable income without the department using some hastily drawn up and signed statement as the basis of determining that income.

In conclusion, Mr. Speaker, might I point out that if an inspector has had previous farming experience he will have a much truer picture of what a farmer is likely to spend for his ordinary living expenses than will an inspector who is accustomed to living in a city. It occurs to me that in some cases at least farmers are assessed more than they should be in this respect.

Mr. G. H. Castleden (Yorkton): Mr. Speaker, I think the 1954 budget will be remembered in Canada, if it is remembered at all, rather for what it failed to do at an important turn from the economic prosperity in Canada than for what it did. If ever a country needed leadership in the face of an admitted decline, it is now. But this budget reveals the same bankruptcy of effective action towards curing our unemployment, our declining markets and the slow-down in our production that prevailed preceding the last depression. I lived through that depression, Mr. Speaker, and it was one of my hopes that I would never see another one. If action is going to be taken to prevent one, it should be taken now. Instead of getting action which would prevent a depression, we get nothing but a continued song of optimism, of what great hopes there are for the future, of optimism with regard to international economic co-operation and an important program this year for the general agreement on trade and tariffs. In his budget speech the Minister of Finance (Mr. Abbott), as reported at page 3724 of *Hansard,* said this:

> From what I have said, it is clear that events are shaping up to make the coming year an important one for progress in international economic co-operation.

What that means in terms of trade and what Canada is going to get out of it is not very clear. The minister continues:

> The new and positive attitudes of many countries, their improved trade and payments position, and the substantial progress towards domestic economic stability have combined to create a more favourable climate for advance than at any time since the end of the war.

That is very nice sounding phraseology, Mr. Speaker, but I should like to know what it means in actual terms for 500,000 people who are unemployed in Canada. I should like to know what that phraseology, translated into terms, means to the fishermen of Newfoundland who have lost their markets for fish; to the coal miners of Nova Scotia who are being taken out of the mines because there is no market for the coal; to the potato growers in New Brunswick; to the industrial workers in Quebec and in Ontario, in the factories which are laying off people day after day and week after week; and this is continuing in a time when we were told that things were improving as the month of April advanced.

The wheat growers of the prairies are still looking in vain for an opportunity to sell their grain. What about the lumber workers and the ship workers? Yesterday we had from the Minister of Trade and Commerce (Mr. Howe) a statement about the great opening up of shipping and the prospects for a great flow of grain through the great lakes. But in this morning's *Globe and Mail* I notice, under dateline Ogdensburg, New York, April 13, an article which says as follows:

> Because of a gloomy outlook for grain cargoes, the George Hall Corp. of Canada will commission only seven of its fifteen freighters Monday when navigation opens on the St. Lawrence river.
>
> Frank A. Augsbury Jr., president of the company, described the situation as "very bad, a terrific problem in Canada". The holding of eight Hall ships at anchor will affect 200 employees, 25 on each vessel.

Phrases to the effect that Canada's declining inventories are basically a constructive adjustment do not mean much to 500,000 unemployed people who find their unemployment benefits running out as the weeks progress and that they cannot find work. The facts facing this government—and the members of the cabinet know this—are that Canadian industrial plants for years have been working on war contracts, with guaranteed prices and no competition. But today we have to place our goods in line with goods of other countries in order to sell them on the markets of the world against world competition where the cost of living is not so high and where those goods are being bought because of the difference in price. The cost of living in this country has gone high because of the administration of this government. Just a few years

ago, when we tried to get them to hold price controls, they scrapped them. The finance minister tells the great Canadian people that the cure is to sharpen their pencils. They will have to do a lot of sharpening to meet prices today, with the cost of living at the present level in Canada. The only sharpening of pencils that the western farmer knows about is when he goes to the bank to borrow some more money, because he can get no cash with which to carry on and to put in his crop this year. How can our gross national income and production increase if we have not markets in which we can sell our goods? What good is international economic co-operation or general agreements on trade and tariffs when our goods are too high priced to sell? Producers from Europe are delivering steel goods in Montreal; for instance, we are told that nails are being delivered at $3 a keg less than the figure at which we can produce them in Canada. No whistling-in-the-dark budget such as that which we are given will correct the facts of the situation. Every major sign of a serious decline is here, including the great optimism of the cabinet and of the minister himself. With such situations as this, Canadians review and look over the budget with a great deal of careful examination and with a discerning eye.

They look at various expenditures such as those on defence and wonder how much of this is outdated. I think every person in public life today should be warning the people and placing the facts before them with respect to one of the greatest dangers that face the world and civilization. Recent developments are such as to demand that the world powers get together on the H-bomb problem. Unless mankind can control the bomb then our civilization faces destruction. Time is rapidly running out. We have in the United Nations machinery which can control the H-bomb or N-bomb or cobalt bomb and can stop them. I do not think there is any other agency that can. But real co-operation is required in getting together those nations which have the know-how. Our existence depends on mankind's ability to accept the authority of the United Nations and its willingness to place all bomb experimentations under a United Nations committee.

It is evident today that bigger and more terrible bombs will be exploded as long as the three great powers that now have the know-how refuse to get together. More and more terrible means of destruction will be devised until finally humanity will be shocked out of its insanity. People who have watched the rapid growth of the power and destructiveness of this fearful weapon and who know its possibilities realize by now that this is no longer merely a nightmare of the future, as we looked upon it a few years ago, but a hideous reality that is here today. Its fearful effects are slowly beginning to be realized by the masses of the people; and the masses of the people will make governments move some day if they do not move of their own volition. Man has finally found some of the inner secrets of nature which heretofore have mercifully been withheld from him, but man in refusing to work together with his fellow men is proving that he lacks to a great degree the moral responsibility to handle such knowledge.

The possibilities of even the H-bomb, let alone the nitrogen bomb, should arouse the most serious reflection in the mind and conscience of every human being capable of comprehension. Can science be allowed to produce more and more terrible engines of destruction? If we continue along the path which is being followed at present we will come to a point where vast areas of the world, now the homes of millions of people, will be contaminated by the vile dust from these death-dealing weapons. Recent reports show that the explosion at Bikini in March of this year affected a vessel some 2,200 miles away, a location heretofore thought to be beyond the range of harm. A report from Tokyo found in the Montreal *Star* of Saturday last has this to say:

> The master of a radioactive Japanese fishing vessel reported today his boat was 2,200 miles away from Bikini when the United States touched off its second hydrogen device March 26. The log of the *Misaki Maru* said it was operating at a point near Angaur, in the Caroline islands, from March 19 through March 29. A geiger counter clicked 200 times per minute when it was placed near the head of one of the crew men after the *Misaki Maru* reached port yesterday. About 45 beats per minute is considered the safety limit. Nevertheless, the tuna catch of the *Misaki Maru* was pronounced free of contamination and sent to fish markets for sale.
>
> The *Misaki Maru's* location was made known as the government fisheries bureau announced it would begin a search for new fishing grounds "secure from the hydrogen bomb." Examinations by Japanese doctors revealed that the *Misaki Maru's* crew had no external sores as in the cases of 23 men of the *Fukuryu Maru* who were burned by a fall out of hot ashes from the March 1 Bikini-Eniwetok blast.

In spite of past failures, I think Canada should be taking the lead in urging the nations of the world to get together. I was glad to hear the statement of the Secretary of State for External Affairs (Mr. Pearson) this afternoon, although it still seems to fall far short. I believe the matter is important enough for Canada to request a meeting of the general assembly of the United Nations in order that this problem may be solved, because the sands of time are running out.

Canada must persist in its efforts. I believe we can succeed but if we do not succeed and have to face the horrible results of that failure, then let us be able to say that at least we fought on the side that was right and asked for sanity. I do not think the urgency of this matter can be overemphasized. We must have world control or world destruction. I think our national defence estimates should be geared to the situation as it exists today. There is no defence known for H-bomb activity, so why should we spend so much on types of defence many of which must be completely obsolete.

It is not my intention to deal with the ramifications of the problems that this government is having with the province of Quebec. I think it is the sort of squabble that is dangerous to the unity of Canada. The Liberal party is today reaping the harvest of some of the seeds it has planted down through the years. They will have to deal with it, but I know that Canadians are disturbed when they read such statements as that of the premier of Quebec reported in the Montreal *Star* of last Saturday. I do not wish to involve him particularly, but I think it is a sign of the times. The report reads as follows:

> Mr. Abbott's statements certainly rejoiced the enemies of the province of Quebec who favour only one language and one religion.

Just think that in Canada that type of thing could be said, that a belief exists in the minds of a large number of people that we do not have freedom of religion in this land, that individuals have no right to freedom of religion, freedom of speech and freedom of assembly. This kind of thing can only arise in a nation where people are not aware of their own liberties and the liberties of all men, and recognize and tolerate those liberties in others. A bill of rights should have been written into the Canadian constitution years ago. Every Canadian born and brought up in this land should know that there are certain basic human rights which are his and that they will be maintained for him by an impartial tribunal. These rights should be guaranteed to every citizen of Canada. I think the failure to do this is one of the failures of governments of Canada in the past. Such a bill establishing these rights for every Canadian citizen would do a great deal to promote unity within Canada and do away with some of the misunderstanding that exists.

We realize that every Canadian has a right to freedom of religion. We believe that the people of Quebec have that right in the same way that I believe they believe that we have a right to our religion. But if there were no question about them having such rights then no demagogue would be able to make such statements and cause disunity among Canadians. It would seem that too many people do not know of these rights. Certainly they are in the hearts of the people of that part of Canada from where I come. In the province of Saskatchewan we have a bill of rights on the provincial statute books, and these rights are established.

In the debate yesterday there was some reference made to the establishment in Canada of some kind of royal commission. I do not believe we need the kind of royal commission that was requested. Surely in Canada another of our basic rights is that everyone charged with any penal offence is presumed innocent until he is proven guilty according to law in a public trial in which he has had all the guarantees necessary for his defence. May Canada never be disgraced and divided by anything resembling the investigation committees of the United States. Due process of law is the bulwark of our freedom. It prevents the victimizing of men and women without any evidence and without any opportunity to defend themselves. It prevents the perversion of facts and the condemning of people by allegation when the charges are already disproved.

I do not know of anything which will weaken and divide a nation so much as the fear and suspicion that results from the establishment of that kind of so-called court or tribunal. I do not know of anything that will ruin a nation's position in the scale of greatness more quickly than the perversion of justice. Let us be thankful that Canada's R.C.M.P. and the investigating bodies charged with law enforcement in Canada have maintained justice in these difficult times. Canada can hold her head high. We in Canada need fear nothing except our own fear to attack wrongs when we see them in our midst.

The want of confidence motion regrets that that the government has failed to retain and regain those markets of our land for such things as fish, fruit, wheat, lumber and coal. I believe that is one of the major failures of the present administration. In the falling markets of Canada lies the foundation of a depression which can bring havoc to this country and be felt from end to end of this nation. Our goods are finding it difficult to meet competition from other countries. The Minister of Trade and Commerce has made certain statements in this house concerning our trade which do not seem to be borne out by the facts as they have occurred.

We in the prairie provinces are particularly vulnerable when we cannot find markets

for our large crops of grain. The uncertainty of the situation was emphasized by the minister's statement in this house a week or so ago to the effect that he hoped this year to obtain the delivery of seven bushels per acre on our specified acreage by July 31 next. Seven bushels per acre amounts to approximately fourteen bushels per seeded acre which is approximately one-half of the 1953 crop in many areas of the west. The minister admits that, under present circumstances, the western producer cannot hope to deliver more than seven bushels.

There are two essentials in this situation which the people have a right to expect from this government. The first is that if the producer is to be placed in the impossible position of being unable to get a sufficient return from his crop to cover the cost of producing that crop, then he must have access to some means which will permit him to continue his production. The second essential to the farmer's well-being is that in each community there should be provided distribution of deliveries. In my own community there are farmers today who, because of their inability to deliver grain, are left in a position where they cannot meet the payments on their purchases of farm machinery and trucks. Already the implement companies and the automobile companies are repossessing farm machinery.

If these farmers lived in some portions of Alberta where the crop deliveries have been up to some seven bushels and more they would be able to meet these payments and would not suffer these losses. I want to know by what right the people in one portion of the prairies should be penalized and have to take extra losses because of the failure of this government to equitably distribute the right to deliver grain. In one area the farmers have only three or four bushels delivered, while others have seven or eight bushels delivered, and the difference would mean that a man would not have to suffer the loss he is today suffering because of this unequal distribution.

One of the tragedies of the situation has been the optimism with which the ministers have misled the people. People reading reports from the ministers here would imagine everything was all right; they would be able to deliver the grain all right and that wheat in the bin is as good as cash in the bank. Unfortunately, it is not. Many of these farmers who are having their implements repossessed have wheat in their bins, but they cannot dispose of it; it is not cash. To solve this problem I am going to recommend that the government should immediately undertake some arrangement whereby advances could be made to farmers on properly stored farm grain. This move need not cost the government very much It could be done through the wheat board. Ultimately, we hope that grain will be sold and the money then could be paid back to the government out of the selling price of the grain. Such an arrangement exists across the border in the United States, where the farmer is guaranteed 90 per cent of parity. If the farmer cannot deliver the grain, government officials inspect the bins on the farm and he gets an advance. This enables the communities to carry on. The situation is entirely different in western Canada.

The other thing that would help give some justice to these people would be some method for the equitable distribution of box cars. This would enable farmers to get the cash necessary to carry on their ordinary operations. Tax arrears in many parts of my own constituency have not been bigger than they are at the present time for over twelve years. Retailers are unable to collect advances they have made to farmers, and farmers are unable to make their scheduled payments. One would expect a clear-cut statement from the minister about this situation, because it is one of the big problems facing this government, and in addition the minister had attended the FAO conference. We thought the food and agriculture organization would meet and out of that would come a solution of the problem of disposing of our great surplus.

"But when the minister returned with the communique issued at the conclusion of this gathering we received no clear-cut statement. The communique, of which the Minister of Trade and Commerce approved, is woolly and indefinite. It is not at all like the one for which we had hoped from practical men of affairs who had the power to translate their decisions into law." That is the opinion of one paper in the west which represents a large group of the wheat pool producers.

This government would do a great deal towards restoring the confidence of the people in it if they would make a statement of the facts and tell the people what they can expect. The government should guarantee the equitable distribution of box cars, and last fall should have told the farmers what they could expect in the way of delivery so the farmers could have planned their production in line with that information. To pretend that all is well when it is not is to condemn those people to an unnecessary and a brutal hardship, and at a time like this that is not good.

There are one or two things which the minister could have done to help restore the

confidence of the people of Canada in this government, and which might have been included in the budget. With production going down, with a large number of people in Canada unable to earn sufficient to carry on and maintain their homes, a change might have been made in the Old Age Security Act under which 2 per cent of all taxable income is paid by income taxpayers in Canada. That seems right and equitable as far as it goes, but when a limitation of $60 is placed on it, Mr. Speaker, a privilege is being granted to certain high income groups which the small man in the street does not like. The maximum should be eliminated.

Another thing that should have been done by this government to restore the confidence of the people in it is to extend the unemployment insurance benefits. Five hundred thousand people in this Canada of ours today are facing unemployment. For a short time they receive a portion in the way of unemployment insurance. They are facing the end of that in a few weeks, and what have they to look forward to? I say they will look to the House of Commons; they will look to the 265 members here who raised their own pay to $10,000 a year as far as the members are concerned and to $27,000 a year for the cabinet. They will say: When the cost of living hit you boys you took care of yourselves; how about us?

Until and unless such measures as we have been advocating here are taken in hand and put into effect by this government I do not think this government has a right to expect and certainly it does not deserve the confidence that the Canadian people placed in it on August 10 last year.

(Translation):

Mr. Joseph Fontaine (St. Hyacinthe-Bagot): Mr. Speaker, since April 6, when the Minister of Finance (Mr. Abbott) made his budget speech, several members have expressed their opinions and made such comments as they deemed appropriate.

I believe it is now my turn to speak on behalf of the people of St. Hyacinthe-Bagot, because I am deeply indebted to my constituents for having so generously placed their confidence in me. At the 1949 election they gave me the greatest majority of any candidate, not only of my own province but of the whole of Canada, that is 85 per cent of the vote cast, but they did even better at the last general election, because last year they elected me by acclamation. I therefore want my speech today to be the expression of my gratitude to the electors of St. Hyacinthe-Bagot.

Our fine county is made up partly of rural people and partly of city folks. In the urban area, we have the city of St. Hyacinthe, the only one in my constituency with a population of 30,000 people. Industry in general is prosperous and I believe we can fairly say that the people are happy and moderately well-to-do. We have numerous and important industries, including wool, cotton and silk mills, to mention but a few. We also have metal works like Volcano Limitée, a home industry, and Griffin Steel, a subsidiary of a Chicago firm, which is now setting up a plant that will give work to some five hundred men and pay annual salaries in excess of half a million dollars. Such achievements have been brought about through the good will and foresight of our authorities.

We also have at St. Hyacinthe modern educational institutions, which have produced young men who honour us in the religious as well as the civil sphere. St. Hyacinthe also has a well-organized textile school, where we prepare young people who will hold key positions in industry in a few years.

I would be remiss in my duty if I failed to express here the sincere thanks of all my fellow citizens to the federal authorities concerned for having so generously co-operated in the erection of this school through a large subsidy of $238,500 for construction and of $75,000 for equipment. I want to draw the attention of the house to that grant, because, in the province of Quebec, it has become almost a tradition for the provincial authorities to accept contributions from the central power without uttering a word, so as to take all the credit for themselves.

This year, no less an honour was reflected on the farmers of my county.

The Canadian National Agricultural Congress has awarded, since its foundation, the title of "master breeder" to the best cattle breeders of this country. Out of five medals awarded since its foundation, two have gone to farmers of my constituency, namely to Mr. Donat Giard and Mr. William Bousquet. In appreciation for the good services rendered to our district by those two farmers I want to bring that fact to the notice of the members of this house.

As I said a few moments ago, Mr. Speaker, our agriculture is prosperous. This prosperity is, of course, as much due to the development of our foreign markets as to the foresight of

our farmers, who have intelligently managed the distribution of agricultural production. Truck gardening is now practised on a large scale and all sorts of co-operative enterprises are operating with great success, such as the co-operative of St. Damase, the hub of small-scale farming.

When introducing the budget last year, the Hon. Mr. Abbott pointed out that our country's prosperity was the result of the collective and individual effort of the citizens of our nation.

There never was a better-deserved tribute, and this is still true today. Canada goes on setting the pattern of a united, strong and responsible nation. Our people know the value of work and co-operation.

The efforts now made by the opposition to rouse the people are useless. It would have the people believe that they are called upon to make too many sacrifices. They want to convince our people that they are not happy. But such efforts will not succeed even if, in some quarters, people indulge in demagogy and try to rouse the poor against the rich.

Never perhaps, Mr. Speaker, has the opposition offered such childish arguments; on the one hand, they claim that the government does not spend enough money, while on the other hand, they blame it for not reducing taxes. They ask more money for the Colombo plan, more subsidies, higher allowances and pensions and, at the same time, lower taxes. In other words, to implement those requests would mean budgeting for a deficit, even during the good years, whereas our Minister of Finance, like all good administrators, wants to balance his budget by equalizing revenues and expenditures. It is claimed that the Canadian taxpayer is being too heavily taxed by the government in this budget. Let us remember that federal expenditures, which the government cannot reduce at the present time, amount to about four billion and a half. I have said that they could not be reduced at this time. In fact, almost half of the total is for national defence and I wonder if our opponents are sincere when they talk about fighting communism while at the same time calling for the reduction or even the cancellation of this amount. To us it is a necessary and unavoidable sacrifice that must be made if we want to secure the greatest of all assets, freedom, and particularly freedom under a Christian system; it is also a sacrifice that must be made to maintain the material prosperity which we now enjoy.

[Mr. Fontaine.]

It has been said that the landslide victories achieved by the Right Hon. Louis St. Laurent and by the Liberal party at the 1949 and 1953 elections are the sign of a healthy nation. The way the Canadian people have reacted to the present policies of the government and more particularly to the budgets of the Minister of Finance shows that the nation is healthy. In spite of the criticisms offered by the opposition, the Canadian people keep cool and continue to trust a man who, through wise administration, has made it possible for Canada to enjoy the greatest period of prosperity in our history. It would have been easy for the hon. Minister of Finance to reduce taxes in one or two important fields, so as to give the impression that all of the main burdens were removed. No, the present policy of the government does not aim at putting up a false front, at deceiving: it is a far-reaching policy directed solely toward the welfare of the nation as a whole.

I mentioned our national defence expenditures but there are also other very large expenditures which cannot be reduced; I refer to the amounts spent to maintain our social services, to pay the interest on the national debt, which has been reduced by two billion dollars, thanks to a wise and far-sighted administration.

What is the source of these revenues needed to cover those extraordinary expenses? What taxes does the government collect for that purpose? First of all there is the tax on incomes, which supports the whole structure: it brings in more than two and a half billion dollars and covers our defence expenditures and part of the cost of our social security. It is evident therefore that the federal government cannot relinquish that tax.

The solicitor general for the province of Quebec said at Levis, on April 8, that the federal government had made a serious and insulting error when they refused to allow the Quebec taxpayers to deduct from the federal tax the whole of the provincial income tax. The Minister of Finance has explained in detail and very clearly why such a thing cannot be done, and I do not have to cover that ground again. One needs but to analyse that statement; if they keep on, they will have us believe that it is the federal government that has imposed that 15 per cent tax in the province of Quebec.

I fail to understand the attitude of the provincial government which was offered

more than $100 million and is now complaining that we are depriving it of some $15 to $20 million. And let no one say that the dominion-provincial agreements, which all the other provinces have signed, constitute an attack on autonomy!

Today—through sheer demagogy—they try to lead us to believe that the tax rental agreements between the dominion and the provinces are contrary to the spirit of the constitution and even encroach upon provincial autonomy. We would be very naïve to believe that the premiers of the other provinces are not as anxious as Mr. Duplessis to protect the autonomy of their respective provinces. The premier of Quebec himself does not think so, because, on May 2, 1946, he stated, during the plenary session of the dominion-provincial conference, as reported at page 556 of the proceedings:

> The province of Quebec is willing to consider a clear, precise, iron-clad and absolutely fair agreement to rent to Ottawa . . .

I repeat these words.

> . . . agreement to rent to Ottawa the personal income tax and the corporation tax.

If renting taxation fields is an infringement upon provincial rights the Quebec premier is not speaking seriously, or else he is the first to accept this infringement. Can anybody believe in his sincerity when he now speaks of the federal government taking over a field which rightfully belongs to the province, while adding, with characteristic boldness, that for seven years now he has been attempting to enlist the federal government's co-operation.

We all know, for it is easy to see, that, on the contrary, Mr. Duplessis has been, with an eye ever turned towards forthcoming elections, a sworn opponent of the federal government. Alone among the provincial premiers he has refused to co-operate with respect to concluding taxation agreements, building the trans-Canada highway, accepting university grants, etc., thus depriving Quebec of numerous advantages which the other provinces enjoy and which could in no wise affect provincial autonomy. On the contrary this could have relieved the Quebec taxpayer, not only from the present 15 per cent tax, but also from the excessive, uncalled for and nuisance taxes imposed by the province in order to justify Mr. Duplessis' particular attitude.

Mr. Abbott: Hear, hear.

Mr. Fontaine: I may add that Mr. Duplessis does not seem to understand the meaning of the words "national unity", for he has always considered the rest of the country, outside Quebec, as a foreign nation, the government at Ottawa as a naturally hostile government, and the Quebec members at Ottawa as non-existing, as if they did not represent their province; and all this so as to be able to make Quebec a reserve, where he would be the big white chief with more and more dictatorial, more and more totalitarian powers.

The hon. Minister of Finance has presented to the nation a realistic budget, a budget which aims at ensuring the general prosperity of the country; moreover, he has left the door wide open for Quebec, whose credit Mr. Duplessis is ready to jeopardize, if it will serve his interests and those of the Union Nationale party.

Whatever Mr. Duplessis may say, the subsidies go back to confederation, when they were proportionately higher, for at that time they represented more than half of the revenue of the province. But enough has been said on this matter for the time being. I now wish to speak about problems which concern more particularly the electors of my constituency, especially those in the rural areas.

I said a few moments ago, Mr. Speaker, that agriculture is the basis of our whole economy and that, when the farmers are satisfied, all goes well for the rest of the country. In Canada, agriculture is prosperous and it is all to the good. The prosperity of agriculture depends on two conditions: first, its products must be sold and, second, the basic price must be such as to make this sale profitable.

Our farmers are entitled to a just and reasonable profit. It is towards that goal that the federal government has consistently aimed, never forgetting that agriculture is at the basis of all industry. If it be true, as has been said, that, when farmers are prosperous the rest of the country is necessarily prosperous, the opposite is just as undeniable. If agriculture is depressed because prices are too low or because producers cannot sell their products, either in this country or elsewhere, the whole of the industry will suffer.

When a building is begun the first thing that is done is not the construction of the roof: on the contrary the foundations must first be laid solidly so as to ensure the solidity and the resistance of the whole building.

Our Liberal federal government has at all times and in every circumstance held to these principles. It has always worked for the welfare of the Canadian nation as a whole, and as I was saying a moment ago,

they have helped with every means within their power and with all their strength the agricultural class of the whole country and of St. Hyacinthe in particular. This is of course the constituency with which I am most concerned, as will readily be understood. It is of course that part of the country which I am fondest of. As a matter of fact had I my choice of every constituency in this country, I must admit that it would be in that constituency first and foremost where I would choose to run.

Mr. Speaker, a large scale project is at present under way in the metropolis of this country, Montreal. It is the building of a large central market, where all truck gardeners, not only from the neighbouring districts, but also from the whole province of Quebec, could sell their products. I would like to ask the hon. Minister of Agriculture (Mr. Gardiner) to take into consideration the request for financial assistance which I sent him some time ago, on behalf of the horticulturists of my district.

Some might probably say that this is a project of a local nature which concerns mainly provincial authorities. I agree. But, because of the importance of this undertaking and of its immense usefulness for our agricultural people, I think that this question should be carefully examined by the officials in the federal Department of Agriculture to find out whether it would not be advisable to contribute to it.

The agreements entered into in 1936 by the federal and the provincial authorities respecting vocational training have contributed largely to the erection of technical and other similar schools. These institutions have rendered invaluable services to our people.

We, in St. Hyacinthe, have benefited from the building of our industrial school for textiles. On that occasion no inaccurate arguments of ill-conceived provincial autonomy intervened to deprive us of our rights.

The western provinces have often benefited from federal assistance, when their progress and the development of their resources were at stake. This assistance has always been approved by our people in the eastern provinces, because we knew it was justified.

Today, I believe, in all fairness, that we in Quebec may well hold out our hand to the hon. Minister of Agriculture, asking him to make a contribution equal to that of the province and the truck gardeners, in order to carry out this project, which, as I say, will help our farmers who specialize in certain crops, by eliminating sacrifice sales due to the inadequacy of existing facilities.

[Mr. Fontaine.]

By bettering the position of our truck gardeners with regard to the grading of their products, for instance, by providing them with the necessary space for displaying and selling their products, we shall not only help the truck gardeners, but, in a general way, all the farming people.

Moreover, the wholesaler, the jobber, the retailer, the farmer, the consumer, the whole province and the whole country would benefit from it. Montreal being the main centre of distribution of fruits and vegetables in Canada, all producers and consumers are directly affected by the prices paid for these products on the Montreal market.

In conclusion, it can be stated that the building of a central market in Montreal is of fundamental importance for the producers as well as for the retailers and the consumers, who must absorb in part at least the excessive cost of the distribution of fruit and vegetable products, caused by the deplorable conditions which prevail today on the Montreal market.

(Text):

For my English speaking compatriots, with whom we get along so well in St. Hyacinthe, I think I should now say a few words in their language, even though I recognize I cannot do so well in English as many of them do in French. However, I will be brief.

All I would say to the electors of St. Hyacinthe, who have given me support such as few people have ever had, is that they can continue to rejoice in the wonderful state of health of our country from the Atlantic to the Pacific, and that they can continue to have confidence in our great leader whom I believe to be the greatest since confederation.

Mr. Elmore Philpott (Vancouver South): Mr. Speaker, this is the first budget debate in which I have had the honour to take part.

Mr. McIvor: It will not be the last.

Mr. Philpott: I must say it is with deep regret that I have heard from different quarters in the house that this might be the farewell budget of the present Minister of Finance (Mr. Abbott). While throughout my writing career I have had, shall I say, the privilege and at times even the pleasure of taking a good lusty crack at just about every minister in this and every other government that has been in office since I began writing, I must admit that in all of the ten budgets presented by the present Minister of Finance I have found nothing really serious to criticize. I believe, Mr. Speaker, that quite often we are very lavish with our tributes when the person involved is no longer around to receive them, and I simply wish to say for

my part that I think the present Minister of Finance has been the most competent Minister of Finance we have ever had in my lifetime, and I know of no superior in any other country.

May I say, Mr. Speaker, that I certainly have no intention whatever of entering, in any shape or form, the discussion on the double taxation question precipitated by the premier of the province of Quebec. I do not regard in any way the issue created by the premier of Quebec an issue of Quebec versus Canada, or the French-speaking people in Quebec versus the rest of the country. I regard it entirely as an internal matter and if you want to sum it up you might well label it a question of Duplessis versus Quebec, but certainly not Quebec versus the rest of Canada. I believe that if we have anything of which to be proud in this country it is that, perhaps better than we ourselves realize, we have worked out a sort of *modus vivendi* in living together. These two great races, with their different culture and language, have not always been the best of friends.

Sometimes, Mr. Speaker, when I look around this chamber and listen in this chamber I hear people talking about the inevitability of war between Russia and the west. I hear people suggest that the two great blocs of today are the bitterest enemies in history. But, Mr. Speaker, it is not so, and I believe we in this chamber have forgotten that we ourselves, whether of French or English descent, are descendants of the very people who were the bitterest and most inveterate enemies there ever were. Getting along as well as we do in this country I think we should give ourselves a little pat on the back every now and again, and never forget that only a couple of hundred years ago our own forefathers were as bitter enemies as Russia and America today, or the capitalists and the communists.

I remember on one of the last trips I made to the old country I watched some children playing in the back yard and suddenly I had to laugh aloud because I realized the name they were giving to their game was not the same as it would have had in North America. In North America we would have called that chase "Cops and Robbers" or "Cowboys and Indians", but in England, if you please, they called the game "French and English". I think that speaks for itself.

I would repeat that I have no intention of getting into the Quebec double taxation situation. I do believe that if we have any genius in this country it is for development along parallel lines. Whether this Liberal party has any ideological basis for its success, I think that every member in this house will admit —whether it is good luck or whatever it is— that the greatest periods of success in this Canada of ours have been in the administrations of Liberal governments, particularly the Liberal government that we have right today. What is the ideological basis that gives rise to the success of the Liberal administration?

I have often thought about our friend the Minister of Trade and Commerce (Mr. Howe). I sometimes hear our friends immediately opposite me—or who should be immediately opposite me; I refer to our socialist friends —talking about the benefit of socialism. May I say this. If we were going to give medals to the Canadians who have promoted the most successful public enterprises that there have ever been in Canada, we would not give them to my hon. friends who should be opposite me but would give them to the Minister of Trade and Commerce who has promoted the most successful public enterprises certainly since the days of Sir Adam Beck and the great hydro enterprise in Ontario or Sir Henry Thornton who made such a great success of the C.N.R.

But if we suggested to the Minister of Trade and Commerce that he was a socialist, he would look at us absolutely aghast because, of course, he is no such thing. He believes in taking what instruments will do the best job for whatever we have to do. Hence we get him making a success in the public enterprise field of such things as T.C.A., the artificial rubber plant at Sarnia and we also, to a much greater degree get him and all the ministers on the front bench of this government promoting policies which give prosperity to the great substantial basis of industry and commerce in this country; and that is, of course, to private enterprise.

If we have any basis for our success in this country I think it is because we have allowed public enterprise and private enterprise to develop and that we have certainly never shown any, shall we say, narrow-minded preference for one as against the other. That is why, Mr. Speaker—and I do not say this in any way as criticism of the policies of this present government but because I believe a peculiar situation exists in the whole field of radio and television—I want to avail myself of the privilege of speaking for a few minutes on the exact set-up of radio and television in Canada.

In the tables which the Minister of Finance supplied to us with his budget speech at page 3805 in the appendix to *Hansard* of April 6 I notice that he sets forth the amount of money that will be spent in the present

year by the Canadian Broadcasting Corporation. That figure amounts to $24·8 million. That, of course, does not include a loan of $4·7 million which was made by the treasury in the year 1953-54. We all know that that is a considerable increase from the expenditures of the past. That is, the grant has gone up from $8·2 million in 1953 to $24·8 million in the present year. That amount, of course, is going to come out of the special 15 per cent tax which is imposed on radio and television sets, tubes and accessories. When we have that amount of money involved, and even if it was not concerned with something of which we are all so justifiably proud as we are of the C.B.C., I would think it would be the duty of every one of us to give a long and careful look at that expenditure. I myself have had the privilege of working with the C.B.C. over a great many years, although not for the last several years. I have also had the privilege of working for private radio stations for a good many years. I thus had the privilege of perhaps getting a close-up view of how the two of them operate and what their peculiar difficulties are.

When you look back at the growth of the C.B.C., you see that it has not come up as a straight agency of the government. If there is anything of which they are most jealous and proud I think it is of the fact that they are not a subsidiary agency of the government, taking their instructions from the government and that they certainly do not follow any particular political line. If we wanted to name the things about the C.B.C. of which we are all most justifiably proud I think the chief one would be that in its political basis it is absolutely impartial, absolutely fair and that it has worked out the most fair and just system, especially at election times, that I know of in any country which it has ever been my privilege to visit.

If you look back at the period of growth of the C.B.C. you will see that we allowed it to develop. Nobody ever had a plan in advance which was carried right through to a successful completion. For instance, in the Aird report the idea was that eventually the Dominion of Canada would take over all radio broadcasting. As we know, as the years went on, that became an impractical policy and just by the pressure of events it did not happen. We also know—and I think this is an extremely important point for us to realize—that when the C.B.C. first came into operation and when there was a limited number of private stations—that is auxiliary stations or stations in separate operation from the C.B.C.—the audience of the Canadian people was divided on a much different basis from that on which it is divided now. A large percentage of Canadian listeners did not listen at all to Canadian radio stations, either public or private, but rather tuned in to United States stations. Hence, as we know, over the years there grew up, shall I say, the peculiarly Canadian system which we now have in Canada, with the C.B.C. the dominant party—some would say the senior partner—in the whole radio set-up in Canada, but nevertheless with the private stations—the commercial stations as they are sometimes called—performing an extremely useful and valuable public service without any kind of subsidy from the treasury of this country.

We are now faced with the rise of a new medium; and I say that television, as it is coming up in North America and all over the world, is a utility of such tremendous potential that it may have a far greater effect on the lives of all of us, and especially on the lives of our children, than radio has had in the past, or possibly even the press. What I am anxious to stress today, Mr. Speaker, is that it would be a mistake for us to try to duplicate exactly in the television field the set-up that we have had in the radio field. I note that on March 30 of 1953 the Minister of National Revenue (Mr. McCann) set forth clearly the government's policy with regard to television in Canada. As reported at page 3393 of *Hansard*, among other things he said this:

> These words make it clear that it was not the policy of the government to create monopoly in television or to limit any one area indefinitely to one television station.

The minister was of course explaining the necessity of having coverage right across the country, that we should have either a public station or a private station in every centre right across the country before there could be any duplication. Then he added:

> . . . it may not be long before there is a sufficient degree of national coverage to justify the government and the C.B.C. giving consideration to permitting two and perhaps in some cases more than two stations in certain areas. It is anticipated that, in due course, private stations will be permitted in areas covered by C.B.C. stations, and the C.B.C. may establish stations in some areas originally covered by private stations.

I think that is a statement of policy with which everyone can agree. It is a good, sensible, common-sense statement setting forth the position of the government at that time, but I submit that the time is rapidly approaching to follow the course set forth by the minister. I look at the television set-up in Canada as it exists today and this is how it shapes up to me. We have C.B.C. stations actually operating in Vancouver, Winnipeg, Toronto, Ottawa and Montreal, with one in the process of being established

in Halifax. We also have private stations already licensed for Edmonton, Calgary, Saskatoon, Regina, Fort William and Port Arthur, Sudbury, Windsor, Kitchener, London, Peterborough, Kingston, Quebec, Sherbrooke, Rimouski, Saint John, New Brunswick, and Sydney, Nova Scotia.

But the fact that Canada, even with that number of stations actually in operation or already licensed, lags very far behind the United States where 253 standard band television stations are already in operation, and that does not include the 129 ultra high frequency stations. At the beginning of this year Canada had a total of 365,400 sets in operation compared with some 12 million to 15 million sets in operation in the United States. What I am suggesting and what I am urging for the consideration of the house is that in our television policy we should carry out what seems to me to be what is right in line with the genius of our whole Canadian two-culture set-up, and especially at the basis of Liberal ideology. We should allow the fullest free development of both types of television.

We should of course complete and make strong the coast-to-coast national C.B.C. television set-up. Let us make up our minds always to keep the C.B.C., so far as television is concerned, in the same position that it occupies in the radio field, the dominant factor in the national picture or, if you want to call it that, the senior partner. But whatever we do let us never be guilty of holding back and frustrating the free development of free enterprise when free enterprise has a certain job to do in this Dominion of Canada.

When I look at our country and see, for instance, that in Vancouver alone there are something like three vacancies—there are certainly two—and that in almost every great city in Canada there is now only one C.B.C. station and listeners have to tune in private stations in the United States if they want a change of diet, then I suggest that the time is very close at hand when we can carry out the government policy suggested by the Minister of National Revenue (Mr. McCann) last year and give the green light to free enterprise television stations where they are needed to fill out the picture.

I do not regard free enterprise privately-owned radio or television stations as poor relations in any way or, as some might say, country cousins of whom we are just a little bit ashamed. Certainly they are not in any way, shape or form second-class citizens. I look for the time when the full speed ahead signal will be given to private television station owners in Canada to go ahead and do the job to the very best of their ability.

I am not one of those who has as little confidence in public ownership and public operation of the C.B.C. as one gentleman with whom I was talking the other day. He was in favour of never allowing the private television interests to go ahead because he feared that if they did so in such cities as Toronto, Winnipeg, Montreal and Vancouver the C.B.C. would not be able to survive under free competition. On the contrary, Mr. Speaker, I have never yet seen a city which was not a better city if it had two good live newspapers competing. I have never seen a country which was not a better country if it had two live political parties competing, the one ready to throw the other out if and when it got the chance through the people tiring of the other party.

Therefore I suggest that the time is rapidly approaching when we should give the private radio stations, which have hitherto been held back from applying in the great metropolitan centres where the C.B.C. has had a justifiable monopoly up to the present time, a chance to go full speed ahead and make a two-fisted job of television in Canada.

On motion of Mr. Winch the debate was adjourned.

BUSINESS OF THE HOUSE

Mr. Abbott: I move that the house do now adjourn.

Motion agreed to and the house adjourned at 5.19 p.m. until Monday, April 26, 1954, at 2.30 p.m.

HOUSE OF COMMONS

Monday, April 26, 1954

The house met at 2.30 p.m.

QUESTIONS

AMBER DURUM WHEAT

Mr. Dinsdale:

1. What was the average price per bushel of amber Durum wheat to the export market during the 1952-53 crop year?
2. What was the average price per bushel paid to producers of amber Durum wheat?
3. What accounts for the difference in selling price and price to the producer, if any exists?
4. What was the average price per bushel of amber Durum wheat to the domestic market?
5. What accounts for the difference, if any, between domestic price and export price?
6. What percentage of amber Durum wheat grown in Canada is produced in Manitoba?
7. What percentage of this wheat is sold to the domestic market, and to the export market?

Mr. Dickey:

1. Average prices received—1952-53 Pool Account—Wheat

(a) Under international wheat agreement—$1.824527 per bushel basis No. 1 amber Durum wheat in store Fort William/Port Arthur or Vancouver.

(b) Outside international wheat agreement (class II)—$2.6381903 per bushel basis No. 1 amber Durum wheat in store Fort William/Port Arthur or Vancouver.

(c) Average of export sales—$2.3408896 per bushel basis No. 1 amber Durum wheat in store Fort William/Port Arthur or Vancouver.

2. $2.2766075 per bushel basis No. 1 amber Durum wheat in store Fort William/Port Arthur or Vancouver, less operating and administrative costs of 4·33068 cents per bushel.

3. The final price to producers reflected different selling bases for Durum wheat, namely, export prices under the terms of the international wheat agreement, export prices outside the international wheat agreement and domestic selling prices as provided by Canadian wheat board regulations, 1952-53 and 1953-54 and amendments thereto.

4. $1.8296569 per bushel basis No. 1 amber Durum wheat in store Fort William/Port Arthur or Vancouver.

5. From August 1, 1952 to September 23, 1953 Durum grades of wheat were sold on the same price basis:

(a) Under the international wheat agreement.

(b) In the domestic market.

From September 24, 1953 Durum grades of wheat were sold in the domestic market at a premium of 10 cents per bushel over the board's selling prices for Durum wheat under the international wheat agreement. Over the period of the 1952-53 pool account wheat, export prices for Durum wheat outside the international wheat agreement were substantially higher than prices quoted under the international wheat agreement.

6. The Canadian wheat board is not aware of official estimates of production of Durum wheat in Manitoba. Production, however, is highly concentrated in the prairie provinces and in 1952-53 total board receipts of Durum grades of wheat from producers amounted to 8,288,289·8 bushels, of which 1,725,745 bushels, or 20·822 per cent were in Manitoba.

7. This question cannot be answered for the reason that there is no way of identifying grain produced in any province after such grain is unloaded at terminal elevators in Fort William/Port Arthur or elsewhere.

OLD AGE PAYMENTS—BRITISH COLUMBIA

Mr. Goode:

1. How many senior citizens in British Columbia, 70 years of age and over, receive the old age pension?
2. How many senior citizens in British Columbia, 65 to 69, receive the old age pension?
3. How many senior citizens in British Columbia, 70 and over, receive the cost of living bonus from the provincial government?
4. How many senior citizens in British Columbia, 65 to 69, receive the cost of living bonus from the provincial government?
5. What is the total amount of the cost of living bonus paid to senior citizens by the provincial government?
6. What is the total amount of the cost of living bonus paid to senior citizens, by the provincial government, in the 65 to 69 age group?

Mr. Robertson:

1. In February, 1954, 84,646 senior citizens were in receipt of old age security pension in British Columbia.

2. In February, 1954, 8,093 senior citizens were in receipt of old age assistance in British Columbia.

3. 26,258.

4. 6,270.

5. During the calendar year 1953, the total cost of living bonus paid by the British Columbia provincial government was $3,755,269.25.

Questions

6. During the calendar year 1953, the total cost of living bonus paid by the British Columbia provincial government to those in the 65 to 69 age group was $643,398.89.

WHEAT SALES, 1951-1952

Mr. Diefenbaker:

1. What was the total amount of wheat sold by all elevator companies and licensed grain handlers from warehouses or terminal elevators, including sales for domestic purposes, during the crop year 1951-52?

2. Of such total what was the amount in each of the grades from No. 1 hard to feed wheat?

3. What was the amount of such sales which were listed as (a) tough, or (b) damp, giving the respective grades in each case from No. 1 hard to feed wheat?

Mr. Dickey:

1. Statistics are not kept on a basis which would provide an answer to this question.

2 and 3. See answer to No. 1.

INCOME TAX, 1945-53—QUEBEC

Mr. Boisvert:

What was the revenue collected in the province of Quebec with respect to the income tax from 1945 to 1953 inclusive (a) from individuals; (b) from corporations; (c) from the succession duty?

Mr. McCann: Tax collections in the province of Quebec by the taxation division of the Department of National Revenue:

Fiscal year ended 31st March	Income Tax (a) Individuals	(b) Corporations	(c) Succession duties
1945	$ 190,834,732	$ 107,639,412	$ 4,410,013
1946	174,654,743	72,989,429	4,568,285
1947	176,441,871	52,621,486	7,025,416
1948	172,258,565	107,480,594	7,807,023
1949	201,533,942	132,155,096	5,405,580
1950	146,300,694	178,763,722	9,093,781
1951	155,018,683	216,842,374	6,319,126
1952	236,480,799	344,175,722	6,818,068
1953	286,595,444	385,025,260	6,770,603

WHEAT STORAGE AT CHURCHILL, ETC.

Mr. Bryson:

1. How many bushels of wheat were held in store at the terminal elevator at Churchill, from November 1, to April 1, in the years 1952 and 1953?

2. What elevator companies shipped wheat to Churchill in the years 1952 and 1953?

3. What amount of money was earned by each company in the form of diversion charges?

Mr. Dickey:

1. As at April 1, 1952, 1,996,507·10 bushels; as at November 1, 1952, 2,047,897·30 bushels; as at April 1, 1953, 2,093,701·30 bushels; as at November 1, 1953, 2,516,299·00 bushels.

2. Year 1952: Canada West Grain Co. Ltd., Canadian Consolidated Grain Co. Ltd., Federal Grain Ltd., Inter-Ocean Grain Co. Ltd., McCabe Grain Co. Ltd., Lake of the Woods Milling Co. Ltd., National Grain Co. Ltd., Parrish & Heimbecker Ltd., Pioneer Grain Co. Ltd., Searle Grain Co. Ltd., Saskatchewan Wheat Pool, United Grain Growers Ltd., Waskesiu Mills Ltd.

Year 1953: Same companies as above plus Ogilvie Flour Mills Ltd.

3. It is not the policy of the board to disclose the earnings of individual companies.

[Mr. Robertson.]

ST. LAWRENCE SEAWAY—PROPOSALS BY WESTERN PROVINCES

Mr. Leboe:

1. Have any representations been made to the government from any source in the western provinces respecting the proposed St. Lawrence seaway?

2. If so, of what nature were such proposals?

3. Has the government considered any possible advantages to the western provinces in the construction of this seaway?

4. If so, what are these advantages?

Mr. Langlois (Gaspe):

1. Yes.

2. Several letters have been received from organizations and individuals in the western provinces and these correspondents have commended the government for acting on the St. Lawrence seaway and recommending that work be proceeded with at the earliest possible moment.

3. It is felt that this question is answered by the statement made in the House of Commons in 1951 on December 4 by the Minister of Transport (Mr. Chevrier), as follows:

As a matter of fact it is difficult to go very far in ranking the benefits to the various provinces in order of importance. Rather than argue about which will gain the most, let us look at what concrete opportunities will be opened up for each.

The prairies would find a substantial saving in the cost of moving grain, flour and other products to

markets in eastern Canada and overseas. Moreover the seaway would permit large ocean vessels to move into the great lakes to relieve such shortages of shipping as occurred this year. Shortages occur from time to time to hinder the grain movement, for at present the only vessels that can enter the lakes are too small and too few to make much impression.

4. Answered by No. 3.

MEAT INSPECTION—TORONTO AND MONTREAL

Mr. Hodgson:

1. Under whose jurisdiction is the inspection of meat carried on in (a) the Toronto area; (b) the Montreal area?

2. Was a penalty imposed on the Toronto firms: (a) Industrial Packers; (b) William Puddy Beef Company; (c) L. Goldman & Son, for breach of the Live Stock and Live Stock Products Act, 1939? If so, what penalty was imposed?

3. What authority has abattoir commissioner C. T. Hunt to settle infractions of the Live Stock and Live Stock Products Act, 1939?

Mr. Gardiner:

1. (a) and (b). The Canadian Department of Agriculture inspects and grades meat for human consumption in plants and establishments engaged in interprovincial and export trade in accordance with the provisions of the Meat and Canned Foods Act and regulations. Inspection of other plants and establishments is a responsibility of provincial and municipal authorities.

2. No. Investigations are still under way with a view to determining whether prosecutions should be undertaken.

3. None.

CANADIAN WHEAT BOARD—PERSONNEL

Mr. Hansell:

1. How many people are employed in the Canadian wheat board offices in Winnipeg?

2. How many are employed in other parts of Canada?

3. How many outside inspectors or field men are employed in each province and at what salaries?

Mr. Dickey:

1. 624.

2. 54.

3. 18. It is not the policy of the board to divulge the salaries paid to individual employees.

The foregoing numbers of staff are as at April 10, 1954.

U.S. SURVEY OF HEALTH SERVICES

Mr. Knowles:

1. Has the government any information concerning a survey undertaken by the United States department of labor, in a number of American cities for the purpose of ascertaining the total annual cost of a representative list of goods and services considered necessary for urban families to provide for health, efficiency, the nurture of children, and participation in social and community activities?

2. If so, can such information be made available to parliament?

3. Has the Canadian government undertaken a comparable survey in Canada, so as to determine the annual cost of a modest but adequate level of living, in terms of dollars, as distinct from the percentage basis of the consumer price index?

4. If so, what are the results of such a survey?

5. If not, is consideration being given to the making of such a survey?

Mr. Dickey:

1. Yes. The bureau of labor statistics of the United States department of labor published a budget titled "The City Workers Family Budget" in the February 1948 issue of the *Monthly Labour Review*. This document contains the following statements:

> The budget was designed to represent the estimated dollar cost required to maintain this family at a level of adequate living—to satisfy prevailing standards of what is necessary for health, efficiency, the nurture of children, and for participation in community activities.
>
> This is not a "subsistence" budget, nor is it a "luxury" budget; it is an attempt to describe and measure a modest but adequate standard of living.

A detailed description of the budget as well as total dollar cost of purchasing it in thirty-four large United States cities at March 1946 and June 1947, was provided in the above mentioned issue of the *Monthly Labour Review*. This budget was last priced at October 1951 and costs of a budget in thirty-four large United States cities as of this date were published in the *Monthly Labour Review* of May 1952.

2. The document described in the answer to question No. 1 is for sale by the superintendent of documents, United States government printing office, Washington 25, D.C. It may be consulted in the library of parliament. See last annual supplement to the catalogue of the library of parliament.

3. No. The budgetary studies made by the government of Canada are restricted to determining on a factual basis the goods and services actually purchased by representative groups of Canadian families.

4. See answer to No. 3.

5. No. The determination of "a modest but adequate level of living" requires a series of subjective judgments on which it is extremely difficult to secure any general agreement.

Questions

TRANS-CANADA HIGHWAY, NOVA SCOTIA

Mr. McCulloch (Pictou):

1. Has the government of Nova Scotia let any contracts under the trans-Canada highway agreement?

2. If so, (a) how many, and for what type of work; (b) in what amounts; (c) in which locations; (d) when is it anticipated the contracts will be completed; (e) to what extent does the federal government share the cost of the projects?

Mr. Bourget:

1. Yes.

2. (a) One, for the construction of two bridges and approaches; (b) $148,895; (c) (i) Horne bridge over McCulloch brook near C.N.R. subway at Westville road, Pictou county.

(ii) Caledonia bridge over Sixmile brook near Salt Springs, Pictou county.

(d) By November 30, 1954; (e) Under the terms of the Trans-Canada Highway Act the federal government may contribute up to 50 per cent of the cost of the work to the province.

WHEAT STORAGE, 1951-1952

Mr. Diefenbaker:

What was the total amount of wheat in store in both country and terminal elevators by grade, from No. 1 hard to feed wheat, including the number of bushels graded as (a) tough; (b) damp, as of (i) the beginning of the crop year 1951-52; (ii) at the end of the said crop year?

Mr. Dickey:

In country elevators:

Grade	(i) As at beginning of crop year 1951-52 (Aug. 1, 1951)	(ii) As at end of crop year 1951-52 (July 31, 1952)
	bushels	bushels
1 Manitoba hard	2,982	—
1 Manitoba northern	2,420,390	176,291
2 Manitoba northern	7,501,784	3,652,746
3 Manitoba northern	6,927,340	16,492,161
4 Manitoba northern	7,669,355	12,646,308
No. 5	22,434,892	28,890,346
Garnets	857,550	364,459
Special bin	37,186	105,390
All others including tough and damp off grades of the above grades	25,527,668	34,946,637
Totals	73,379,147	97,274,068

In public and semi-public terminal elevators:

1 Northern	543,608	72,552
2 Northern	1,996,059	1,258,777
3 Northern	2,925,159	2,576,527
4 Northern	2,592,205	3,343,833
No. 4 Special	5	15,676
No. 5 wheat	11,290,662	9,600,637
No. 6 wheat	16,525,593	4,785,186
Dried 4 Northern	2,486	—
Dried No. 5 wheat	3,403	—
Rejected 2 Northern	316	4,362
Rejected 3 Northern	9,595	9,732
Rejected 4 Northern	1,552	1,600
Rejected No. 5 wheat	9,096	3,150
Rejected No. 6 wheat	—	2,136
Rejected 3 Northern sprouted	—	3,435
Rejected No. 5 wheat sprouted	—	4,065
Rejected 1 Northern mixed heated	36	—
Rejected 2 Northern mixed heated	20,423	4,443
Rejected 3 Northern mixed heated	7,356	20,192
Rejected 4 Northern mixed heated	4,916	15,054
Rejected No. 5 wheat mixed heated	15,798	35,501
Rejected No. 6 wheat mixed heated	17,338	6,429
Rejected 4 Northern rejected mixed heated	—	546
Rejected 2 Northern a/c Tartarian buckwheat	1,573	—
Rejected 3 Northern a/c Tartarian buckwheat	405	—
Rejected No. 5 wheat a/c Tartarian buckwheat	—	1,930
Rejected 2 Northern mixed gravel	20	—
Rejected 3 Northern mixed gravel	—	1,519
Rejected No. 5 wheat mixed gravel	2,995	—
Rejected 3 Northern mixed gravel & cinders	926	—
Rejected 4 Northern mixed gravel & cinders	38	—
Rejected No. 5 wheat mixed gravel & cinders	—	5,003
Rejected No. 6 wheat mixed gravel & cinders	—	980
Rejected 4 Northern mixed earth	—	1,461

Grade	Questions (i) As at beginning of crop year 1951-52 (Aug. 1, 1951)	(ii) As at end of crop year 1951-52 (July 31, 1952)
	bushels	bushels
Rej. No. 5 wheat rej. mixed gravel and cinders	—	1,944
Rej. No. 6 wheat mixed heated rej. a/c earth	—	1,974
Rej. 3 Northern mixed rotten kernels	1,434	—
Rej. 4 Northern mixed rotten kernels	—	1,122
Rej. No. 5 wheat mixed rotten kernels	821	—
Rej. No. 6 wheat mixed rotten kernels	874	24,840
Smutty 1 Northern	8,925	3,077
Smutty 2 Northern	34,900	8,119
Smutty 3 Northern	9,571	12,568
Smutty 4 Northern	17,852	7,758
Smutty No. 5 wheat	12,138	20,143
Smutty No. 6 wheat	9,232	—
Smutty rej. 3 Northern mixed heated	6,247	4,097
Smutty rej. No. 5 wheat mixed heated	672	—
Sample red spring broken	2,054	3,516
Sample red spring heated	36,142	36,450
Sample red spring mixed gravel	689	—
Sample red spring mixed rotten kernels	—	7,444
Sample red spring heated rotten kernels	—	3,783
Smutty sample red spring broken	—	2,720
2 C.W. Garnet	57,690	49,518
3 C.W. Garnet	82,737	136,867
Rejected 3 C.W. Garnet	1,459	1,175
Rej. 3 C.W. Garnet a/c Tartarian buckwheat	—	1,527
Feed wheat	3,693,466	650,671
Rejected feed wheat mixed heated	4,487	—
Rejected feed wheat mixed rotten kernels	—	1,507
Rejected feed wheat a/c rotten kernels	—	2,351
Rejected feed wheat mixed heated sour	1,073	—
Smutty feed wheat	4,808	—
Rejected No. 6 wheat mixed earth	54	—
(a) Tough		
Tough 1 Northern	—	3,477
Tough 2 Northern	110,893	462,065
Tough 3 Northern	547,306	1,209,048
Tough 4 Northern	645,747	1,193,788
Tough No. 5 wheat	1,417,594	1,218,172
Tough No. 6 wheat	1,213,799	179,596
Tough feed wheat	631,533	18,246
Tough and heating 4 Northern	—	1,904
Tough and heating No. 5 wheat	—	4,526
Tough and heating No. 6 wheat	3,805	—
Tough rejected 2 Northern	604	—
Tough rejected No. 5 wheat	—	8,245
Tough rejected 4 Northern heating	—	129
Tough rej. 2 Northern mixed heated	6,707	—
Tough rej. 3 Northern mixed heated	10,585	11,551
Tough rej. 4 Northern mixed heated	11,539	17,513
Tough rej. No. 5 wheat mixed heated	14,478	17,480
Tough rej. No. 6 wheat mixed heated	4,324	7,369
Tough rej. feed wheat mixed heated	—	1,124
Tough rej. 3 Northern rej. mixed heated	1,182	—
Tough and heating rej. 2 Northern mixed heated	1,941	113
Tough and heating rej. 4 Northern mixed heated	2,201	3,023
Tough and heating rej. No. 5 wheat mixed heated	—	1,226
Tough and heating rej. No. 5 wheat rej. mixed heated	—	32
Tough rej. No. 5 wheat rej. mixed heated	—	232
Tough smutty 2 Northern	1,420	1,420
Tough smutty 3 Northern	11,334	9,343
Tough smutty 4 Northern	2,260	1,308
Tough smutty No. 5 wheat	2,990	6,535
Tough rejected 3 Northern a/c mildew	—	1,403
Tough rej. No. 5 wheat mixed gravel and cinders	33	—
Tough rej. feed wheat a/c mixed rotten kernels	66	—
Tough sample red spring heated	16,788	17,473
Tough and heating sample red spring heated	1,988	20,698
Tough 2 C.W. Garnet	1,400	25,776
Tough 3 C.W. Garnet	—	98,611
Tough rej. 2 C.W. Garnet mixed heated	—	1,460

Grade	(i) As at beginning of crop year 1951-52 (Aug. 1, 1951)	(ii) As at end of crop year 1951-52 (July 31, 1952)
	bushels	bushels
(b) Damp		
Damp 3 Northern	170	11,589
Damp 4 Northern	2,647	7,252
Damp No. 5 wheat	1,315	26,295
Damp No. 6 wheat	1,552	10,988
Damp feed wheat	5,317	3,645
Damp and heating No. 6 wheat	1,305	—
Damp and heating feed wheat	1,143	—
Damp rejected 4 Northern	—	694
Damp rej. 3 Northern mixed heated	—	5,655
Damp rej. 4 Northern mixed heated	768	—
Damp and heating rej. No. 6 wheat mixed heated	—	1,526
Damp smutty rej. 3 Northern mixed heated	477	—
Damp and heating smutty rej. No. 5 wheat mixed heated	—	1,917
Damp sample red spring	29	1,031
Damp and heating sample red spring heated	1,235	5,334
Totals	44,637,363	27,376,709

WAR VETERANS ALLOWANCE ACT—
AMENDMENTS RECOMMENDED

Mr. Knowles:

1. Has the government received representations, at any time since November 12, 1953, asking that the War Veterans Allowance Act be amended so as to provide (a) for an increase in the amounts of the allowance payable thereunder; (b) for an increase in the total amount of income permissible to recipients of the war veterans allowance?
2. If so, from whom?
3. Have these matters been studied by the government, or by any officials thereof, since November 12, 1953, to determine whether or not such requests should be implemented?
4. If so, by whom?
5. Have any reports thereon, and any recommendations, been made to the Minister of Veterans Affairs?
6. Will legislation, based on such reports or recommendations, be recommended at this session?

Mr. Lapointe:

1. (a) and (b) Yes.

2. Commands and branches of veterans' organizations, Canadian non-pensioned veterans widows and some individuals.

3, 4 and 5. Studies of relevant facts have been made by officials of the Department of Veterans Affairs, who have reported to the minister. The government has had the representations and the reports under consideration.

6. It is not customary to forecast policy in giving answers to questions on the order paper.

NATIONAL FILM BOARD "EYE WITNESS" SERIES

Mr. Fraser (Peterborough):

1. What firm or firms were the distributing agents in 1953 for the national film board's "Eye Witness" series?

[Mr. Dickey.]

2. What is the total amount paid to the national film board for these films?
3. Does the national film board distribute these films in any other way?
4. If so, how?
5. What was the total cost of producing "Eye Witness" in 1953?

Mr. Harris:

1. (a) Canada.

Columbia Pictures of Canada, Ltd., handle the Canadian theatrical distribution of this series. The following theatre chains have shown the "Eye Witness" series and its French language counterpart, "Coup d'Oeil" during 1953-54:

(1) B. L. theatres (Bernstein and Lieberman).

(2) Exhibitors Booking Association.

(3) Famous Players (including subsidiary firms such as Franklin-Herschorn, F. G. Spencer and Twinex).

(4) France Films.

(5) National Theatre Service.

(6) Odeon Theatres.

(7) Premier Operating Corporation.

(8) United Amusements.

(9) Independents (including such firms as O'Brien Theatres, Loews, etc. and such outlets as community theatres, parish halls, garrison theatres serving as commercial theatres for communities).

In addition, the C.B.C. and Rediffusion Inc., have telecast "Eye Witness" and "Coup d'Oeil" in Canada.

(b) Abroad by distributor and country.

International Film Distributors, United Kingdom; International Film Distributors,

New Zealand; Columbia Booking Office, Netherlands; Belgavox, Belgium; New Realm Pictures, Limited, United Kingdom; (they also distribute through Army Kinema Corporation to British army bases.) Kamerafilm (Eye Witness No. 5 only), Norway.

2. Total amount 1953-54*

Theatrical	$3,342.98
Non-theatrical rentals, etc.	23.20
Television	198.85
Total	$3,565.03

*Preliminary figures.

3. Yes.

4. In addition, the series were distributed by the national film board through:

(1) Urban and rural circuits in Canada.

(2) Sale of 16mm prints in Canada and abroad.

(3) Television in Canada and the United States.

(4) Distribution through film libraries of Canadian posts of the departments of external affairs and trade and commerce abroad.

5. The 24 films in the "Eye Witness" and "Coup d'Oeil" series cost a total of $115,911 in the fiscal year 1953-54.

TAX RENTAL AGREEMENTS PAYMENTS

Mr. Lafontaine:

1. What amount was paid each year, since 1947, to each province which signed the dominion-provincial tax rental agreement?

2. What amount would the province of Quebec have received each of the said years had it signed this agreement?

Mr. Benidickson:

1 and 2.

Payments each fiscal year under tax rental agreements
(in addition to statutory subsidies)

Under 1947 agreements (thousands of dollars)

Province	1947–48 (a)	1948–49	1949–50	1950–51	1951–52	1952–53 (a)	Total
Newfoundland	....	....	4,860	7,220	7,932	2,054	22,066
P. E. I.	1,577	1,770	1,927	2,160	2,352	689	10,474
Nova Scotia	10,330	10,673	11,471	13,003	14,198	2,183	61,859
New Brunswick	8,705	8,478	9,320	10,594	11,611	2,530	51,237
Manitoba	9,496	13,410	14,529	16,381	17,920	2,949	74,683
Saskatchewan	10,261	14,070	15,207	16,947	18,344	2,537	77,366
Alberta	9,904	14,024	15,276	17,343	19,106	5,009	80,661
B. C.	15,217	21,969	24,519	27,862	30,534	5,845	125,946
Total	65,490	84,394	97,110	111,509	121,996	23,795	504,293
Payable to Quebec if it had signed an agreement	45,142	64,154	69,953	78,268	85,148	22,623	365,288

(a) Payments were made by quarterly instalment which commenced on September 30, 1947. Thus only three instalments were paid in fiscal year 1947-48. The final instalment under the 1947 agreements was paid in June, 1952, and thus fell within the 1952-53 fiscal year.

Under 1952 agreements

Province	1952-53 (thousands of dollars)	1953-54
Newfoundland	10,722	11,825
P. E. I.	3,259	3,657
Nova Scotia	18,094	19,508
New Brunswick	14,946	16,178
Ontario (a)	123,327	134,448
Manitoba	23,005	25,039
Saskatchewan	23,530	25,254
Alberta	27,241	29,802
B. C.	40,095	43,516
Total	284,219	309,227
Payable to Quebec if it had signed an agreement (b)	111,703	121,335

(a) Ontario chose to retain its succession duty field; therefore the rental payments shown are after deducting an estimate of the credits allowed against federal succession duties for Ontario duties. The amount of these deductions cannot be finally calculated for a number of years.

(b) These amounts are the rental payments Quebec would have received if it had signed an agreement which included rental of succession duties. If the province had signed an agreement under which it continued to levy succession duties the rental payments would have been reduced by deducting an estimate of the federal credits given for Quebec duties.

Questions

PAPER AND SILVER CURRENCY

Mr. Hansell:

1. What was the total amount of paper currency media in use in Canada as at January 1, 1954?
2. What was the total amount of silver money in Canada as at January 1, 1954?
3. What was the total amount of money minted by the Royal Canadian Mint in Canada during 1953?

Mr. Benidickson:

1. December 31, 1953

Bank of Canada notes in circulation	$1,599,124,687
Less: Held by chartered banks	263,791,733
Bank of Canada notes in hands of the public	$1,335,332,954

2. December 31, 1953

Subsidiary coinage issued less amount withdrawn from circulation

Silver		$ 89,550,237
Nickel		7,813,082
Tombac		570,847
Steel		3,109,691
Bronze		12,130,181
		$113,174,038
Less: Held by Bank of Canada	$ 386,296	
Held by chartered banks	18,433,874	18,820,170
Subsidiary coinage in hands of the public		$ 94,353,868

3. $7,625,964.

TUNNEY'S PASTURE, OTTAWA

Mr. Hodgson:

1. What is the full legal description of the whole of the property at Tunney's pasture on part of which the Central Mortgage and Housing Corporation head office and buildings are situated?
2. From whom was this property purchased?
3. What was the purchase price and date of purchase?
4. What has been spent on this property for (a) surveys, subdivision plans, etc.; (b) buildings (giving details); (c) landscaping; (d) any extras?
5. Has the government used this property for any other building projects?
6. If so, for what purpose?

Mr. Bourget: With respect to this question I must say that I had a word with the hon. member. I told him that the head office and buildings of the Central Mortgage and Housing Corporation are not situated in Tunney's pasture but are built on the Montreal road. I understand that the hon. member is agreeable to redrafting his question accordingly.

Mr. Speaker: This question is now dropped and will be redrafted.

[Mr. Benidickson.]

SCRAP IRON EXPORTS

Mr. Hansell:

1. Was any scrap iron exported by Canada during the last five years?
2. If so, to what countries, and what total amount in terms of tons and dollars was exported to each country in each of these years?

Mr. Dickey:

1 and 2. Canadian exports of scrap iron, by countries, during the last five years were as follows:—

Year	Country	Tons	Value
1949	United States	39,975	$ 1,009,203
1950	United States	62,618	2,034,221
1951	United States	39,804	1,615,678
1952	United Kingdom	48,517	2,419,844
	Argentina	8,834	437,786
	Japan	3,129	122,946
	United States	27,308	1,206,607
	Totals	87,788	$ 4,187,183
1953	United Kingdom	194,812	7,925,118
	Germany West	14,357	583,943
	Japan	104,361	3,862,871
	Mexico	228	13,517
	United States	96,251	3,491,706
	Totals	410,009	$15,877,155

QUESTIONS PASSED AS ORDERS FOR RETURNS

IMMIGRANTS, 1945-1954

Mr. Ellis:

1. How many immigrants were admitted to Canada during the period April 1, 1945 to March 31, 1954?
2. What were the countries of origin and how many from each country in each year?
3. What was the occupation listed for each head of family and/or individual immigrant from each country of origin?
4. What was the religious affiliation of these immigrants by country of origin?
5. How many of the total number of immigrants from each country of origin came over in family groups, and how many came over as individuals?

Mr. Harris: Return tabled.

QUEBEC HARBOUR COMMISSION—PERSONNEL

Mr. Dufresne:

1. What was the number of permanent and non-permanent employees of the Quebec harbour commission on April 1, 1954?
2. What are the names and addresses of those employees?
3. What is the yearly salary of each of them?

Mr. Langlois (Gaspe): Return tabled.

UNEMPLOYMENT INSURANCE

REQUEST FOR EXTENSION OF SUPPLEMENTARY BENEFITS

On the orders of the day:

Mr. George H. Hees (Broadview): I should like to direct a question to the Minister of Labour. In view of the serious unemployment situation existing today, will the government give consideration to continuing the payment of unemployment insurance benefits to those whose unemployment insurance credits have expired and who, through no fault of their own, are unable to find work?

Hon. Milton F. Gregg (Minister of Labour): Mr. Speaker, consideration was given to that question before the Easter recess, and it was decided not to take that step.

EXTERNAL AFFAIRS

INDO-CHINA—CONSIDERATION BY CANADA OF FIVE-POINT PEACE PLAN

On the orders of the day:

Mr. M. J. Coldwell (Rosetown-Biggar): I should like to direct a question to the Prime Minister. Is the government giving any consideration to support by Canada of the five-point peace plan to settle the war in Indo-China, advanced by Prime Minister Nehru at New Delhi on Friday last?

Right Hon. L. S. St. Laurent (Prime Minister): I understand that my hon. friend's question refers to the speech made in the House of the People by Prime Minister Nehru on Saturday, April 24.

Mr. Coldwell: It was in Friday's paper.

Mr. St. Laurent: Then it must have been a preview because we have just received from the Canadian High Commissioner in New Delhi a summary of the statement on Indo-China made by the prime minister in the House of the People on Saturday, April 24. It is being studied very carefully by us here. We have also passed on this summary to the Secretary of State for External Affairs (Mr. Pearson), who is now leading the Canadian delegation at the Geneva conference, as the proposals of Prime Minister Nehru will no doubt be given very careful consideration by those delegations which will be participating in the discussions on Indo-China at Geneva. In view of the fact that other countries are more directly concerned than Canada with this immensely complicated situation, I do not feel I should say any more at this time.

[*Later:*]

Mr. E. D. Fulton (Kamloops): Mr. Speaker, may I ask the Prime Minister whether, in regard to the matter to which he just made reference in reply to the hon. member for Rosetown-Biggar (Mr. Coldwell), and other developments in the Indo-China theatre, reconsideration has been or will be given to the position of the Canadian delegation at the Geneva conference with a view to ensuring that we will take part as an interested and concerned party in the discussion on Indo-China?

Mr. St. Laurent: Mr. Speaker, I would not like to commit the government to making any recommendation to parliament at this time to become directly involved in what is taking place in Indo-China. There have been statements made in this house that our obligations which might involve military action in the East were limited to what we were doing under the aegis of the United Nations. Now, there might arise a situation where it would be felt that we should go beyond that, but the government will have to give that very serious consideration. Before definitely committing Canada to action which might involve the participation of military forces, the government will, however, certainly bring its recommendation to parliament.

Mr. Fulton: I think the Prime Minister has misunderstood my question. My question was whether in view of these developments the Canadian delegation to the Geneva conference would be taking part in the discussion on Indo-China as an interested party; not whether the government of Canada was going to make any commitment with respect to the conflict there. The basis of my question was that the Secretary of State for External Affairs (Mr. Pearson) in the external affairs debate some three weeks ago indicated we probably would not be taking part in that conference on Indo-China because we were not immediately concerned. My question relates to whether in view of the new developments we can any longer continue to take the position that we are not concerned in what goes on there.

Mr. St. Laurent: Canada has never taken the position that it was not concerned. It has taken the position that it was not directly participating in what was taking place in Indo-China and, as a consequence, that it had no standing to participate in decisions which might be made with respect to military action in Indo-China. We wish to fully discharge the spirit of the statements made to the house, that we are not going to involve Canada in matters that might require military action for their implementation without making a full disclosure to this house and a recommendation as a consequence of that disclosure.

Inquiries of the Ministry

WATER POLLUTION

NORTH SASKATCHEWAN RIVER—INQUIRY AS TO PROVINCIAL CONFERENCE

On the orders of the day:

Mr. A. M. Campbell (The Battlefords): Mr. Speaker, I should like to direct a question to the Prime Minister. Has the Prime Minister received a request from any provincial premier for a western provincial conference with the federal government to discuss the pollution of the North Saskatchewan river? If so, when will such a conference be held?

Right Hon. L. S. St. Laurent (Prime Minister): Mr. Speaker, no letter has been received from any provincial premier requesting a provincial-federal meeting to consider the pollution of the North Saskatchewan river. The premier of Saskatchewan did forward, or at least we received three copies of certain resolutions adopted by the legislative assembly of Saskatchewan in which it was requested:

> That this assembly urges the government of Canada to take cognizance of the health hazard and inconvenience which Saskatchewan citizens living along the course of the North Saskatchewan river have suffered as a result of the pollution of this stream . . .

That is all we have received in that connection.

TRADE

LIMITATION ON EXPORTS OF BASE METALS TO UNITED STATES

On the orders of the day:

Mr. Donald M. Fleming (Eglinton): Mr. Speaker, may I ask the Minister of Trade and Commerce if negotiations are proceeding in any form between the government of Canada and the United States with respect to the possible limitation of export by Canada of base metals to the United States; if so, what stage these negotiations have reached and what position the Canadian government is taking?

Right Hon. C. D. Howe (Minister of Trade and Commerce): Mr. Speaker, there are no such negotiations current at the present time.

WHEAT

INCREASE IN PRICE AT HEAD OF THE LAKES

On the orders of the day:

Mr. H. A. Bryson (Humboldt-Melfort): Mr. Speaker, I would like to direct a question to the Minister of Trade and Commerce. Does the minister intend to raise the price of wheat by seven cents a bushel at the head of the lakes, as he indicated he would do when lake shipping was resumed this spring?

[Mr. St. Laurent.]

Right Hon. C. D. Howe (Minister of Trade and Commerce): Mr. Speaker, the Minister of Trade and Commerce does not set the price of wheat. That is the function of the wheat board. However, it might interest my hon. friend to know that the price of wheat at Fort William has advanced by four cents a bushel over the last two or three weeks.

SUPERANNUATED CIVIL SERVANTS

REQUEST FOR STATEMENT ON PURPOSE OF SURVEY

On the orders of the day:

Mr. W. M. Hamilton (Notre Dame de Grace): Mr. Speaker, I have a question for the Minister of Finance (Mr. Abbott) which he might like to take as notice if he does not have the information immediately available. Can the minister tell the house what change in the civil servants' superannuation regulations makes it necessary to conduct a survey of retired civil servants, demanding information on any employment they may have, their rates of pay, and their periods of employment?

Hon. Douglas Abbott (Minister of Finance): Mr. Speaker, my hon. friend was good enough to send notice of this question to my office, but I received it just before entering the house. I will take this as notice and attempt to give an answer tomorrow.

SUPPLY

Hon. Douglas Abbott (Minister of Finance) moved that the house go into committee of supply.

DOMINION-PROVINCIAL CONFERENCE ON CONSTITUTIONAL AMENDMENT

Hon. George A. Drew (Leader of the Opposition): Mr. Speaker, I propose to avail myself of the opportunity presented by this motion to deal with a subject which was mentioned earlier, and which has received fresh emphasis since we met here just under two weeks ago.

Within that time there have been a number of statements and events which have impressed the necessity for some definite steps being taken to bring together at the earliest possible date the government of Canada and the governments of the provinces in order to deal with these matters which are causing concern, not only to the members of the different legislative bodies, but to the people of Canada generally.

As an example of the kind of statement to which I refer, there was a speech made by the minister charged with the responsibility for civil defence in which he dealt with the

changing picture which has been presented to us as a result of the hydrogen bomb. He pointed out that with the enormously increased destructive power of this bomb we must review our attitude to the whole problem of civil defence.

I am referring to the speech made by the Minister of National Health and Welfare (Mr. Martin) at Windsor on April 23. Having reviewed the new situation resulting from the terrible power of this bomb, the minister had this to say, as reported in a dispatch in the Windsor *Star* of April 24:

> It is no longer possible, he said, to indulge in the idle luxury of debating whether this civil defence job is a federal, provincial or local responsibility.
>
> The size of the possible threat is much too great for that; it is so large that it clearly and inevitably involves us all.

I do not think that there will be much tendency on the part of any hon. member in this house to disagree with the fact that this is a problem which involves us all. This is a subject which is of primary importance in the minds of people throughout the world who hope that there may be some possibility of peace through the joint efforts of the freedom-loving nations. Having said that, may I point out, however, that it is one thing to emphasize the seriousness of this situation and it is another thing to leave the impression that there is any less reason to discuss where the responsibility lies.

Let it be granted that every one of us must be prepared to consider this subject and to join in every way we can in preparing to meet the threat which is of a nature that we do not care to contemplate but which could be a dreadful reality. It had been pointed out by municipality after municipality across Canada that their burdens were already so heavy that they could not meet the financial responsibilities involved in some aspects of civil defence. If this problem has suddenly increased both in scale and in importance, that fact is all the more reason why there must be some understanding as to how this plan of civil defence is to be carried out, how the reassessed responsibilities are to be borne and how the financing of those responsibilities is to be accepted by the different bodies charged with the responsibility of finding the money necessary for that purpose. This is one of those problems which have remained unsolved because of the failure of the government of Canada to continue those conferences which might have found a solution of our difficulties along those lines.

Then let me refer to something else that, within this past week, has emphasized the problems that we face. Last week was education week. In different parts of Canada the cost of education and the problem related to the financing of education at the municipal level was being considered by those who have the responsibility of dealing with that subject. From many parts of Canada came requests for direct assistance by the government of Canada in a field which, under our constitution, is exclusively within the jurisdiction of the provincial governments. Surely that fact in itself emphasizes the growing complexity of this problem. Furthermore, within the time since we last met, from a number of municipalities have come recommendations that assistance in different forms be given to the municipalities directly from the government of Canada because of the inability of those municipalities to meet certain of their obligations without still further burdening the homes and the real estate within those municipalities.

These things have impressed on the minds of all of us the fact that there is not today a satisfactory understanding of this problem or anything approaching a solution of something that has been discussed on so many occasions in the past. Before we adjourned for the Easter recess I expressed the hope that the Prime Minister (Mr. St. Laurent) would extend to the provinces an invitation to attend a conference where these problems could be discussed. The Prime Minister has made no reference to that suggestion. We now meet again, and on this first day that we meet I refer again to this subject and I mention only some of the pressing demands which suggest the need for bringing together the governments within this country in order to discuss ways and means of solving those problems which are much in the minds of every one of us.

Mr. Speaker, I sought to emphasize the fact that this is not a subject which is causing concern in Canada alone. I pointed out that in Australia, under another federal constitution although a slightly different one, discussion is taking place on this same subject with an increasing sense of urgency. We also find in the United States discussions of the same subject. Mr. Speaker, under our constitutional system, this is something as to which the Prime Minister is called upon to act. If there is to be a conference, then it must be the responsibility of the Prime Minister to decide that this conference will take place. I sought to emphasize previously that this is a problem which can cause misunderstanding as well as considerable difficulties in many fields unless it is tackled and dealt with in the manner that was suggested by this government itself some years ago. After all, the war years left in this country—as in other countries—problems which were

the inevitable consequence of great changes in the pressure upon governments for immediate and prompt action. When in 1942 the provincial governments agreed to certain proposals that were then made, they did so recognizing that the urgent demands of war called for some measure of joint action which would avoid any delays that might embarrass the government of Canada in accepting its international obligations at that time. There were differences of opinion in those days. Generally, however, the situation was accepted as one of the necessities of world war. The same situation developed in large measure in the United States, Australia and other countries where a federal system has been established.

I recognize that it is not appropriate at this time to discuss the details that are set forth in the budget or in any way to parallel that discussion or invade the field of the budget debate. However, I do want to point out something that apparently needs to be pointed out in view of certain comments I have seen. I pointed out on an earlier occasion that the request for a conference of this nature, which has been asked for, I believe, by every province in Canada either in the form of letter, statements in the legislature or by requests by the premiers of the provinces, does not in any way suggest that our position has changed with regard to any of those details which may be related to the problems that have arisen, largely as a result of the failure to have such a conference.

May I say without any reservation that our position has not changed in any way with respect to the rights of the provinces in the field of taxation, with respect to the right of the provinces to determine their own course and with respect to the rights of the provinces voluntarily to enter into agreements or not to enter into agreements as the case may be. I certainly wish it clearly understood that in again emphasizing the need for such a conference I am not in any way changing the position which has been stated emphatically over and over again, that any province which does not enter into an agreement to abandon its traditional field of taxation has a perfect right to tax in that field and should be able to do so with the kind of co-operation it received from the government of Canada in earlier days when taxes levied by the provinces were, in the case of several provinces, collected by the federal authorities.

Mr. Speaker: Order. May I be permitted to interrupt the Leader of the Opposition? I do so because a moment ago he indicated that it was his understanding that this debate today on a motion to go into supply should not parallel the debate on the motion to go into ways and means already on the order paper. I was happy to hear him say that was his understanding because he will probably recall that on the motion to go into ways and means the hon. member for Greenwood moved an amendment the other day, paragraph (f) of which reads as follows:

> (f) has failed to reach agreement with the provincial governments in regard to a clearly defined reallocation of taxing powers so that the provincial governments and municipal councils may have adequate financial resources to carry out their rapidly-increasing responsibilities.

I have been listening intently to the Leader of the Opposition ever since he began his remarks and it struck me that whatever he had to say about the responsibilities of either municipalities or provincial governments with respect to civil defence could have been fully discussed under this amendment which, I think, covers the ground that he himself covered in his speech today. The minute he left the subject of civil defence he went into the question of the taxing powers of the provincial governments and their need for additional revenue and, if I recall correctly, his suggestion as to a dominion-provincial conference was made when he was discussing the motion to go into ways and means prior to which this amendment was moved.

I merely ask for clarification at this moment. It is also my understanding that during this debate we should not parallel a debate of which notice has been given and which is supposed to be resumed within a reasonable time. I am reminded at this time of citation 246 of Beauchesne, third edition, which reads as follows:

> Besides the prohibitions contained in standing order 41, it has been sanctioned by usage both in England and in Canada, that a member, while speaking, must not: . . .
>
> (d) anticipate discussion on a motion set down for future consideration.

I know that the Leader of the Opposition does not want to duplicate a debate. It is a wholesome restraint upon members that they should not debate now a question which they can debate on a motion already on the order paper. I would be glad to hear him explain the position he takes with respect to what I have said.

Mr. Drew: Mr. Speaker—

Mr. Winch: I rise on a point of order.

Mr. Speaker: I have asked that a point of order be clarified and the Leader of the Opposition is entitled to explain his position.

Mr. Drew: I will explain as briefly as I can the reason for presenting the remarks I have and the reason why I believe they are appropriate under the circumstances. I availed myself before adjournment of the very wide

latitude afforded by the budget debate to make a request which was not directly related to any point in the amendment. I indicated at that time that I did not propose to discuss the budget but that I would do so on a later occasion. I then expressed the hope that the Prime Minister would meet an increasingly difficult situation by announcing that a conference, long overdue, would be called. I have today sought to indicate why I believe that is more urgent than ever. In doing so, I sought to mention one or two subjects that in my opinion did suggest increasing urgency in relation to that matter.

The remarks I was making at the time Your Honour rose related to certain suggestions that were made, in spite of my very clear statement that I was merely making a request for a conference and not discussing the budget at that time, that this meant a change in attitude with regard to certain fiscal problems. I am simply stating this is not the case, that I was confining my remarks at that time to the need for a conference. I have sought today to express my belief that a conference is necessary. I have sought to emphasize the way in which certain recent events and statements support that claim and, Mr. Speaker, I have made the remarks that I had proposed to make in that respect. Therefore I will present the motion I had intended to move which will indicate to you what my purpose was. I move, seconded by the hon. member for Eglinton (Mr. Fleming):

That all the words after "That" to the end of the question be deleted and the following substituted therefor:

"in the opinion of this house immediate consideration should be given to the extension of an invitation by the Prime Minister of Canada to the premiers of the provinces to a conference which would resume discussion of those matters being considered by the constitutional conference which adjourned on the 28th of September, 1950, and such other matters as now require joint consideration by all the governments of Canada."

Mr. M. J. Coldwell (Rosetown-Biggar): I am not sure what interpretation to put upon this amendment. It seems to me that if it simply criticizes the government for having failed to reconvene the conference which adjourned on September 28, 1950, it is of course in line with some criticisms I made myself during the budget debate. But as I understand the Leader of the Opposition (Mr. Drew), he was discussing one phase of dominion-provincial relations which is not directly involved in the constitutional discussions that he suggests should have been carried on during the past few years, that is to say, civil defence.

It seems to me that this is a very broad amendment.

Mr. Drew: I do not want to interrupt the hon. member, but perhaps I might be of assistance by saying I had hoped I had made it clear it was the financial consequences of civil defence I was discussing, and the need for dealing with that problem, not in any way the problem of civil defence as such.

Mr. Coldwell: If we are discussing the financial problems connected with civil defence, this resolution, it seems to me, goes far beyond that, and cannot be related to the conference which adjourned on September 28, 1950, because my recollection is that when I raised this subject during the budget debate and began to criticize the government on the ground that the conference should have been reconvened at an earlier date because some financial matters needed to be discussed, I was told that the conference on constitutional matters was not intended to deal with the financial relationships of the provinces and the dominion. I accepted that because I recognized immediately that that interpretation was correct.

If, however, we are discussing civil defence there is quite a lot I should like to say about it. The dangers of the hydrogen bomb, which have been revived this afternoon, were brought to the attention of this house two or three weeks ago, not only by me but in a very able and forceful speech by the hon. member for Vancouver East (Mr. Winch). I should like to express the opinion once more that, while we should take every precaution we can, and that includes, of course, any system of warnings required to warn us of the approach of hostile planes, we should see to it also that our national defence department retains in Canada such interceptor planes as might be necessary under those circumstances. I want to say very explicitly that this new weapon has changed the whole picture of civil defence within the past two or three months.

While we must take every precaution and prepare for any emergency, I am one of those who believe there is no real defence against the hydrogen bomb, except the defence that can be obtained through settling international disputes through the United Nations Organization, and by the representatives of the government of Canada pressing by every means possible the study of a general reduction in armaments. It is all very well to say we have to press for an agreement not to use the hydrogen or atomic bomb, but when a nation gets into a corner we cannot tell whether or not such an agreement will be honoured. On behalf of those associated with me, I want to say that we believe Canada should take every available means to

assist in bringing about a general agreement, not only for the abolition of these fearful weapons of war but for the placing of atomic energy and hydrogen development under an international body which would have the unrestricted right of inspection.

We should also do everything possible to end war and remove the causes of war, and bring about a general disarmament amongst the nations by agreement. I see no other real defence against these weapons today. While I shall support any measures that are intelligent to try to mitigate the results of any such attack that might come to us if we cannot reach this sort of agreements, yet I am certain in my own mind there is no real defence against these dreadful weapons. I believe that Canada should use her influence —I would hope and believe she will—in promoting the idea of general disarmament amongst the nations. As I say, it seems to me that in an indirect way this resolution is attempting to bring about a conference on a problem that should be dealt with directly, rather than by the oblique mention we have in this amendment. Had the amendment been confined to a conference on civil defence, as I understood it was likely to be from what the hon. member said at the outset of his remarks, I would have found it much easier to come to a decision as to what to do with this particular amendment.

Mr. Martin: Is my hon. friend aware of the fact that about three weeks ago in this building there was a dominion-provincial conference with all the ten provinces on civil defence, when the whole problem of the hydrogen bomb was discussed, including the matter of financing civil defence in Canada.

Mr. Winch: I rise to a point of order, Mr. Speaker. It is my understanding that under a motion for committee of supply only one grievance at a time can be raised. I have listened very intently to the Leader of the Opposition (Mr. Drew), and in my estimation he has raised three points of grievance: one, the hydrogen bomb; two, civil defence; three, a dominion-provincial conference. I say, sir, that cannot be done under this motion, especially in view of his remarks when he was tying it in with his remarks during the budget debate, and that particular subject is not before us.

On a point of order, therefore, sir, I am asking which one of the grievances we are dealing with. To which one does the motion refer?

Mr. Speaker: As the hon. member has pointed out, great latitude is afforded to members during the debate on the motion to go into supply. I do not think one has to be too particular as to the extent of the remarks of the one who does present the amendment, but the concrete form of the thoughts expressed in the speech is supposed to be reproduced in the amendment. However, I am in the same difficulty as that expressed by the hon. member for Rosetown-Biggar (Mr. Coldwell). We heard about civil defence and the difficulties of the provinces with respect to taxing powers. And, having listened to those remarks, we have now an amendment which relates to the calling of a conference to resume the discussions of points which were under study in a constitutional conference.

Now, as I recall it, there was no matter of civil defence or even of taxing powers being then discussed at that constitutional conference. And as to the second part of the amendment which refers to "such other matters as now require joint consideration by all the governments of Canada" that, to me, is fully included in paragraph (f) of the amendment which was moved to the motion to go into ways and means only the other day and which, as I say, will be resumed within a very reasonable time.

That is all I must consider when I am dealing with citation 246 of Beauchesne's third edition, to which I referred a minute ago, and which has reference to anticipating a discussion of which notice appears on the order paper.

Citation 467 is quite clear on the subject. The last part reads as follows:

> —shall not relate to any decision of the house during the current session, nor to any item of the estimates, nor to any resolution to be proposed to the committee of ways and means, nor to any matter placed on or whereof notice has been given in the order paper.

Now, I think the Leader of the Opposition had his own suspicions as to the value of the course he was following today, because he did point out that this discussion today should not parallel that which was inaugurated on the motion to go into ways and means the other day, and which is about to be resumed.

I should like to submit this decision to the judgment of the house. In my view this amendment is not in order. It covers a very wide field which certainly can be fully covered in the other amendment to the motion to go into ways and means, which debate had been initiated before the recess and which is about to be resumed. It was announced by the leader of the house that shortly after the recess we would resume debate on the motion to go into ways and means. I think we would be creating a very dangerous precedent in our proceedings if we were to accept an amendment of the kind now offered by the Leader of the Opposition, when

already there is one on the order paper which offers just as great latitude to discuss all these points.

I would say that what is contained in this amendment today is merely the substance of the amendment made on the motion which is already on the order paper. As a matter of fact paragraph (f) could have read:

> has failed to extend an invitation to the premiers of the provinces to a conference which would resume discussion of those matters being considered by the constitutional conference which adjourned on the 28th September, 1950, and such other matters as now require joint consideration by all the governments of Canada—

And so on, to the very end. That would include exactly what is in the amendment offered today. And if the hon. member for Greenwood (Mr. Macdonnell) the other day in moving his amendment failed to include that part which is contained in the amendment today, then I think that he ought to resort to other methods to bring it about, but it should not be done by way of an amendment to the motion to go into supply today, particularly when the discussion is to be resumed on the amendment to the motion to go into ways and means.

Mr. Drew: Mr. Speaker, I wish to deal with only one point you raised. I take no exception to what Your Honour has said, other than that I would not wish to leave it unchallenged on the record that there was any suspicion in my own mind that the amendment I have now offered is covered by an amendment already on the order paper. I do not propose to debate the point, but I did wish to make that clear. Your Honour can make your ruling, and I do not wish to raise any unnecessary issue on a point of procedure of this nature. But I do wish to point out that my only thought in raising the point today is to seek an indication in the house in regard to a positive expression of a desire for a conference. I have asked the Prime Minister (Mr. St. Laurent) for a statement. We are waiting for a statement from the Prime Minister, and I think we should have a statement from him as to whether he will or will not call a conference.

Mr. Speaker: At this moment I think my position must be that I shall rule the amendment out of order. However, I should like to have the sense of the house on that ruling. If the hon. member is not going to appeal the ruling I would ask the house to make its opinion known, because it is a very important matter.

We have before us a motion to go into committee of ways and means, and the debate on that motion is known generally as the budget debate. To that motion we have had an amendment; and in that amendment is included much of what is now contained in this new amendment offered by the Leader of the Opposition to the motion to go into committee of supply.

As the hon. member for Rosetown-Biggar (Mr. Coldwell) has said, the debate on the motion to go into committee of supply covers a very wide field. There is not a single word in the amendment, however, which could not be covered in the debate for which provision is now made on the order paper. I have quoted citation 246, which states that we should not anticipate discussion of a motion of which notice has been given, or which is already on the order paper for future discussion.

I think for the purpose of protecting the observance of the rules I must hold that, by virtue of the citations I have quoted, the amendment now offered is not in order; and I would ask the house to express its views in the matter. In order to bring it to a head I shall say that the amendment now offered is not in order.

Mr. Drew: Since I have indicated that I do not propose to force a vote on the matter, I hope Your Honour will permit me to point out the tremendous difference between a statement of regret that a result has not been achieved, and a positive proposal that something should be done with which this house certainly, in my opinion, has a right to deal.

Let me give an illustration. Surely under the broad field and scope of the budget we deal with all aspects of national defence and subjects of that nature. Assuming, for the sake of argument, that there were a necessity to have some international conference of some kind—and the government shows a great inclination to attend conferences not held in this country—then surely there would be an opportunity to present a motion indicating the view of the house that such a conference should be held.

In the present instance I am simply presenting to the house a positive request that there be called a conference which has been asked for by the provincial governments. And no reason has been given why it should not be called. The calling of that conference is not, in itself, related to the budget. It could bring under discussion subjects entirely independent of the budget. I say that under the circumstances we should be permitted to vote on this, so that there might be an indication of the views held in the house on the subject. If on the other hand Your Honour follows what is an unusual course, that of preventing a motion of this kind, then most

certainly I would have no choice but to support my own belief that the amendment I have offered is in order—if such a vote is called.

Mr. Speaker: The Leader of the Opposition appears to be under the impression that, because he wants the house to make a pronouncement on a certain proposal he has put forward, necessarily it must be accepted. Now, I have no objection to his view, that the house should pronounce its opinion as to the extension of an invitation to a conference. But what I am objecting to is that now, on a motion to go into supply, we are discussing what is virtually contained in an amendment to the motion that the house go into committee of ways and means—which debate is already on the order paper, and is about to be resumed. Now I am using words that he used himself. We are paralleling a debate, and that we cannot afford to do. If the hon. member will look at citation 467 he will see that on a motion to go into supply he does not have to move an amendment. He is entitled to discuss anything that he wishes, and he has done so. He discussed civil defence and other subjects. I am inclined to believe that the hon. member for Vancouver East (Mr. Winch) is quite right. If, in introducing a subject on the motion to go into supply, the hon. member wanders over the various fields which come within federal matters, hon. members are apt to ask themselves: What are we going to discuss? On the motion for the house to go into ways and means latitude is given. It is the budget debate, and all the matters which the hon. member has brought up here are apt to be discussed; but today it is a motion to go into supply. He is using that motion to discuss a lot of the things that are reserved for the other debate, and he is not giving hon. members a chance to assess on what subject their remarks should bear.

From now on, once an amendment has been proposed, what is the debate going to be? Is it going to be on civil defence? Is it going to be on the resumption of a conference with respect to the matter of allocating the various subjects under the constitutional act so that we shall have power to amend our constitution here in Canada? Or would it have to do with the various powers pertaining to taxation, which is a duplication of the amendment contained in paragraph (f) of the motion proposed by the hon. member for Greenwood (Mr. Macdonnell)? There is a lot of merit in what the hon. member for Vancouver East said, namely, that when we are discussing a grievance it must be a specific subject, because it is my duty, whenever an hon. member leaves one subject, to make sure that all the discussion of that subject is terminated before another one is initiated. That is another difficulty that I am confronted with. Surely if the Leader of the Opposition (Mr. Drew) today wishes to move an amendment, which is to me another amendment akin to that which is being moved in the budget debate, I do not know whether it is wise for us to create that precedent.

Mr. Drew: May I simply say, Mr. Speaker, that I agree with Your Honour that this is an important subject. I hope that you will not place on record a decision, I mean by vote, which might be embarrassing, because after all it is the motion that counts. I am quite prepared to ask that this amendment be withdrawn by consent so that the necessity for a vote is not presented. With the consent of the house I ask that this amendment be withdrawn.

Mr. Speaker: Has the hon. member leave to withdraw his amendment?

Some hon. Members: Agreed.

Amendment withdrawn.

Mr. Speaker: Are there any other subjects?

Mr. Winch: May I speak on the point of order again? I am going through with what I understand to be the rules of the house, namely, that only one grievance can be raised at a time. As I said before, the Leader of the Opposition has raised three. Now, sir, it is very difficult for hon. members to know which grievance is before us, because I understand that if a grievance has been discussed we cannot raise it again. What is the grievance of the Leader of the Opposition?

Mr. Speaker: I think we have now left the subject of the wide grievance contained in the amendment, because the hon. Leader of the Opposition has had leave to withdraw that amendment. I would imagine that we can now go over to wheat or to any other grievance.

MARKING OF PACKAGES "MADE IN CANADA"

Mr. M. J. Coldwell (Rosetown-Biggar): I have something which I wish to raise very briefly. I could not raise it on the orders of the day, but it has to do with the marking of packages which are allegedly made in Canada. As I understand it, we have no general law governing the marking of goods as "made in Canada". I also remember that such legislation is rather difficult to formulate, but we do have a statute which is the Unfair Competition Act, Revised Statutes of Canada, 1952, chapter 274. I refer to section 11, which reads:

> No person shall, in the course of his business, (b) direct public attention to his wares in such a way that, at the time he commenced so to direct

attention to them, it might be reasonably apprehended that his course of conduct was likely to create confusion in Canada between his wares and those of a competitor.

We passed an act in 1952 or 1953 which I believe has not been proclaimed, and which will supersede the legislation to which I have just referred. But, as I understand it, it deals perhaps a little more specifically with the problem in mind, since it refers to the geographical origin of the goods in question.

I do not want to demonstrate one particular article, but I do have in my hand an article which is marked "made in Canada" and the package is marked "printed in Canada". The article contained in that package was marked "U.S.A." What I rather suspect is that the fabric out of which the article was made originated in the United States and was brought into Canada and probably turned into a child's garment in a Canadian factory, but marked "made in Canada".

At a time when the textile industry is in need of work, it seems to me that anything of this nature should be very carefully looked into by the government, and the legislation should be strengthened, if possible, so that an article marked "U.S.A." cannot be put in a package that is marked "made in Canada", in a package also containing, in print, "printed in Canada". It seems to me that we should have on our statute books legislation that would prohibit that sort of marking when the article is made—of course, I am giving the company the benefit of the doubt in this respect—from an imported fabric in a Canadian factory. But my real purpose in rising is not only to say that we should strengthen the legislation to meet problems of this description, but to say that we also have on the statute books of Canada an act of this parliament which might assist, and which has not yet been proclaimed. That is the point I have in mind. Whether we can succeed in formulating new legislation that would meet cases of this description, or not, I do not know because I am not a lawyer; but I do know that we have stronger legislation than the legislation now in effect. And what I am suggesting to the Minister of Justice (Mr. Garson) and to the government is that the legislation passed by this parliament in an attempt to do something along the lines that I believe necessary should no longer be delayed; it should be proclaimed and brought into effect immediately, as I say, particularly in view of the conditions in an industry which needs all the work that it can possibly get. I am not asking for any protection for Canadian industries; all I am asking is that we should have packages accurately marked. If the goods are made in Canada, then they should be marked "made in Canada"; but if the goods are partly manufactured or, as I think likely in this case, if the fabric itself is manufactured in the United States, then some marking should be put on the package to indicate that, while the article may be made in Canada, the material from which the article is made originates in another country.

Whether it is the United States or any other country does not concern me at the moment. What I am concerned with is that we have passed legislation which was designed to strengthen our administration in this regard. That legislation is on the statute books but has not yet been brought into effect by proclamation. Why this delay? What I am asking is that the government should proclaim this legislation, if it is stronger, as we were told it was at the time, and endeavour to restrict the marketing of goods claimed "made in Canada" which are not in reality made wholly in Canada.

Hon. J. W. Pickersgill (Secretary of State): Mr. Speaker, as I am the minister responsible for the legislation in question now on the statute books but not yet proclaimed, I should perhaps give a word of explanation as to the reason for the delay in proclamation. This legislation for its operation requires rather extensive and detailed regulations. A committee has been working on the preparation of these regulations for the entire period since the act was passed at the last session of the last parliament. I have received a report of the committee within the last few days and as soon as it is possible to bring it before my colleagues I intend to do so. I think, however, it will be necessary to give a good deal of publicity to these regulations after they have been made in the interests of the people who will derive benefit from the legislation. There will have to be a period during which the regulations can become known, otherwise there would be considerable confusion. However, I hope that that period can be kept to a minimum and that the will of parliament can be carried out as soon as possible.

With respect to the other point raised by the hon. member for Rosetown-Biggar, as I indicated to the house at the time legislation was before us dealing with the Patent Act, it is intended to set up a commission of inquiry into the Patent Act, the Copyright Act, and other related legislation. It is not intended that this inquiry should go into the whole scope of new trade mark legislation recently passed by parliament, but I should think the terms might be made broad enough so that interested parties who wish to make representations in regard to further improvements in that act would have an opportunity to do so.

Supply

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

POST OFFICE DEPARTMENT

341. Departmental administration, $1,316,383.

Item stands.

DEPARTMENT OF NATIONAL REVENUE

295. General administration (including the former customs excise seizure expenses and adjustments), $2,822,515.

Item stands.

DEPARTMENT OF TRADE AND COMMERCE

424. Departmental administration, $625,101.

Item stands.

DEPARTMENT OF DEFENCE PRODUCTION

78. Departmental administration and payments to Canadian Commercial Corporation and other corporate agencies for services provided in connection with defence purchasing and production, $6,446,812.

Item stands.

DEPARTMENT OF JUSTICE

162. Departmental administration (including the former administration of justice—miscellaneous expenditure, including expenses of litigated matters), $427,600.

Mr. Fleming: Mr. Chairman, the minister stated on the eve of the Easter recess that he would today call four departments. We have now had four and a fifth is now about to be called.

Mr. Harris: Mr. Chairman, when I compiled the list this afternoon I thought it would be preferable to have the Department of Trade and Commerce and Department of Defence Production together for the purposes of debate, and I also submitted the Department of Justice because I understood the hon. member for Kamloops wished to have a debate on this particular matter. That is the reason why I submitted the fifth department.

Mr. Drew: I think it is only right and I believe it would very much preserve good relations in these matters if the statement made by the minister before we adjourned is respected and four departments called on this occasion.

Mr. Harris: Mr. Chairman, if you would allow the Department of Justice not to be called at this time we could go on with the others.

The Chairman: Is that agreed?

Some hon. Members: Agreed.

Progress reported.

[Mr. Pickersgill.]

THE BUDGET

ANNUAL FINANCIAL STATEMENT OF THE MINISTER OF FINANCE

The house resumed, from Wednesday, April 14, consideration of the motion of Hon. Douglas Abbott (Minister of Finance) that Mr. Speaker do now leave the chair for the house to go into committee of ways and means, and the amendment thereto of Mr. Macdonnell.

Mr. Harold E. Winch (Vancouver East): Mr. Speaker, in rising to take part in this debate I recognize that it is the budget debate which is now before us, though I feel that in the majority of cases the major points could be raised under the estimates as they will appear before us at a later date. It is my intention, Mr. Speaker, to speak this afternoon on three points which I would like to emphasize prior to entering into a discussion of the estimates. I am sorry that the ministers in charge of the matters to which I wish to refer have now left the house. However, sir, I am going to continue with the remarks I desire to make.

On several occasions a number of hon. members in this house have spoken on the unemployment situation and have discussed the condition of those who are unemployed, who were receiving unemployment insurance, but who had their supplementary benefit cut off on the 15th of this month.

Since these hon. members have spoken on this issue it has been my privilege to return to my home city of Vancouver, and my own constituency of Vancouver East. As a result of my visit to my own riding and my own city I wish to take my time in drawing certain things to the attention of this government and in telling the government, as nearly as I can inside parliamentary regulations, exactly what I think of them. Ever since the house met on November 12, Mr. Speaker, this government has been told about the growing unemployment situation and the problems facing those who are now unemployed. The only answer we could get from the cabinet benches was that it was an unpleasant situation, but that it was only seasonal. The only answer we could get from the Minister of Labour (Mr. Gregg) was that on April 15 those on supplementary benefit would be cut off.

Now, Mr. Speaker, that is all fine and dandy for those of us who have an income and can take care of our homes, buy food and clothing and anything else we may need, but it is, in my estimation, a bad situation when a government is quiescent as long as there is one family in Canada which is hungry.

On my return to Vancouver over the Easter recess I made some inquiries about the unemployment situation and here is what I found. Out of the Vancouver office alone, in January, February and March, $4,789,000 was paid out in unemployment insurance. That fact indicates a rather serious situation in Vancouver. We also find that, under the orders of this government which calls itself humanitarian and interested in the people, all supplementary benefits under unemployment insurance were cut off as of April 15. As of April 15, in the Vancouver office alone, 4,300 were cut off any help from the federal government. We also find that, within four days of the supplementary benefits being cut off in Vancouver on April 15, 80 applications for assistance were received by the social welfare department of the city of Vancouver. We also find that between March 1 and April 13 in Vancouver there were 575 applications from single, homeless, employable unemployed men, all of whom, outside of 22, were taken care of by the city of Vancouver. There were 4 single women who made application and 105 heads of families.

Mr. Speaker, the Minister of Labour (Mr. Gregg) is not here nor is the Prime Minister (Mr. St. Laurent) but some cabinet ministers are present; I am going to ask those cabinet ministers who are here this question. In view of your decision that there shall be no supplementary benefits after April 15, when 4,300 were cut off in Vancouver on that date, was it your expectation that there would be 4,300 jobs on that date? If not, what do you expect those 4,300 men and women to do? Do you expect them to starve to death? You are not prepared to take any action. Eighty have applied within four days after the closure. We do not know what is going to happen from then on, but since the beginning of the year the province and the city have been taking care of the employable unemployed, something which I maintain is not the responsibility of the province of British Columbia or of the city of Vancouver. Time after time members in this house, myself included, have maintained that the responsibility for the employable unemployed is that of the dominion government. The matter has been raised time after time. It was mentioned by my own house leader when he spoke in this debate. Mr. Speaker, I can think of no way whatsoever in which the government can get away from its own promise. I know that I have mentioned this matter before but I am going to keep right on mentioning it until this government has the decency and the honesty to carry out its own promises. I cannot see how the government can get away from its promise in 1945 when they asked the provincial governments to sign tax agreements. We signed them. I was one that agreed to it. At that time the dominion government said this, as found at page 43 of the green book proposals:

> The dominion government would accept responsibility for ensuring that there shall be provided a reasonable minimum payment for the maintenance of employable unemployed persons . . .

Mr. Speaker, I think it is an unfortunate situation in this country when we cannot trust the words of government. I am going to say this. Because of the words, not of this government but of the party that was the government, we signed the provincial-dominion agreements under false pretences, and the provinces and the municipalities of Canada at the present time are carrying burdens which rightfully belong to the dominion government. Although you have heard this time after time since November 12, you are going to keep on hearing it, Mr. Speaker, until this government fulfils its promise to take care of the employable unemployed. Why should British Columbia or the city of Vancouver have to be responsible for the employable unemployed? They have accepted the responsibility to the extent of 575 applications already from employable unemployed from March 1 until April 13. They have covered 105 heads of families. They have covered a number of single unemployed women. It is not our responsibility, Mr. Speaker, and I am going to keep on speaking about the matter until the government fulfils the promise it gave in 1945 in the green book proposals.

Mr. Speaker, it was my privilege to be able to go back to my home constituency over the Easter recess. I want to speak about some of the things I discovered on that trip. I am sorry that the minister in charge of our post office system is not here now. I hope that his parliamentary assistant is here. I am going to make this statement. I have been in the trade union movement since I was 17 years of age—I am now 47—and I think I know something about that movement. I think I know something about trade union contracts. I am going to say this. In my estimation the Post Office Department of the Dominion of Canada is getting a most odorous reputation, namely that of being the most despicable and disreputable employer in the entire Dominion of Canada. I mean that. In the past we have heard on the floor of this house a great deal about the need for increasing the postal rates in Canada by one cent right down the line so as to cover the increased cost of wage increases to postal

employees, and the five-day week. Mr. Speaker, be that as it may, I think it is terrible and horrible what the Post Office Department of this government is doing in order to try to squeeze the last dollar out of their own employees.

I am not speaking from hearsay at all. When I was in Vancouver last week a postal employees' delegation met me. What did I find? I found something that is not to be found in any employer-employee agreement in the entire Dominion of Canada. The government announces that they will pay overtime rates to their postal employees and that they are now to be on a 40-hour five-day week in some parts of Canada. What are you doing where these employees are on the 40-hour five-day week? You are pulling the dirtiest, lowest stunt ever pulled by any employer in Canada. What are you doing? You say that they are entitled to time and a half overtime rates. O.K. They are on a 40-hour five-day week. The Post Office Department issued an order and I have got it right here. What does it say? It provides that before an employee can collect one cent at the time and a half overtime rate he has to work 48 hours in the week. There is a 40-hour week but the overtime rate does not come into effect unless you work 48 hours in the week.

Show me one union agreement, show me one employer-employee agreement that is as low as that. It means even more than that, Mr. Speaker. If a statutory holiday occurs in a week the employees do not get paid for it at the overtime rate unless they work for forty-eight hours in the week. I have heard of some rotten deals in my life but that is the rottenest I ever heard of. I have the government's own order setting out that although the employees are on a 40-hour week they do not collect the overtime rate of pay unless they work 48 hours. It goes beyond that. May I ask the house leader if he will take note of this? May I, Mr. Speaker, ask the house leader if he will take note of this?

Mr. Abbott: He will.

Mr. Winch: May I ask the house leader to take note of this?

Mr. Abbott: Do not take yourself too seriously.

Mr. Winch: On January 14 I stated, as found at page 1109 of *Hansard*, that the government had in mind changing the night differential in the post office. I now refer the house to page 1146 of *Hansard* of January 15 where it will be found that the minister said:

> I believe he also stated that he had been informed that the department was endeavouring to eliminate the night differential granted to postal employees. We have no such thought in mind. I am afraid that he is getting his information from an unreliable source.

That is the statement the Postmaster General (Mr. Cote) made on that date. That order, Mr. Speaker, was put through and the night differential has been wiped out in the postal service. When I said that it was going to be done the minister said no, that I did not have a correct source of information. I have spoken to the postal employees in the city of Vancouver and the night differential has been wiped out. What does this mean? At that time the night differential meant that those who worked for seven hours got paid for eight. The government has now put an order into effect whereby they get a slight increase in wages but not a sufficient amount to make up for the loss of the night differential. This penny-pinching government is stealing a few cents in order to get an extra hour from those who have to work on the night shift in the post offices. You should be darn well ashamed of yourselves. But I say to you, Mr. Speaker, and to the house leader that the important point is that I was given the lie on the floor of the house by a cabinet minister. It did go into effect.

Mr. Harris: Mr. Speaker, on a point of order, it is not in order for any hon. member to make a reference of that kind. If any explanation is needed now—I am sure it will be made later if necessary—may I point out that if the facts are as the hon. member says, and I have some doubt, he is speaking of a date in January when the minister's reference could have been made precisely as it was and yet by government action some weeks later a change could be made. If that is so, the circumstances would not justify the description the hon. member has now given. Therefore I would ask him to withdraw his remarks.

Mr. Winch: I am not withdrawing the remarks. I am going to ask the minister to supply the date of the secret order.

Mr. Speaker: Order.

Mr. Abbott: This is not the British Columbia legislature.

Mr. Speaker: May I ask the Minister of Citizenship and Immigration what is the remark he is complaining about? I must apologize for not hearing it, but I was being

detained here by a very interesting conversation with a colleague of mine. I did not hear the remarks made by the hon. member for Vancouver East.

Mr. Harris: The hon. member for Vancouver East recited certain facts in connection with the Post Office Department. He said that on January 14 he made certain remarks and that on January 15 the Postmaster General answered him but that despite that answer certain action was taken at a later time which was contrary to what the minister had said. The hon. member used the words that the minister gave him the lie and I am asking that they be withdrawn.

Mr. Speaker: The hon. member for Vancouver East has heard the recapitulation of what he said. Am I to assume that the expression reported as having been used by him was in fact used by him? In the circumstances I am sure that he will know what course he should follow.

Mr. Winch: I would say, Mr. Speaker, with deference to you, that the information given this house does not represent what is now in effect in the Post Office Department.

Mr. Speaker: Does that mean that the hon. member withdraws the expression? As he knows, the formula for that is to say that he withdraws the offensive words.

Mr. Winch: I withdraw. Through you, Mr. Speaker, I ask that the minister who has just spoken should tell us what was the date of the order which changed the night differential?

Mr. Harris: Mr. Speaker—

Mr. Speaker: May I ask the minister to allow me to interject a word here? We are not in committee. We are now proceeding to debate the budget, and the hon. member for Vancouver East is anxious to ask questions. Perhaps we ought to dispose of the motion now before the house and reach the committee stage where he can ask as many questions as he wishes, but not now.

Mr. Winch: I am saying it now so that they can be ready at the committee stage.

Mr. Abbott: Just making a constituency speech.

Mr. Winch: There is another point. I want to point out just what this government is doing through its Post Office Department. I am only going to speak about Vancouver because I know about Vancouver. This government is trying to pull a very fast one to save money. There is an agreement on wages so far as the Post Office Department is concerned, and what is being done? I am not blaming the minister. Perhaps he does not know anything about it, but he ought to know. I am going to tell him right now what is being done. In order to cut the throats of those who should have these wages,—

Mr. McCann: That may go in British Columbia, but it does not go here.

Mr. Winch: —they hire what is called casual labour. I have heard of some of these casual labourers who have been working for months in the Vancouver post office department. Some of them have been there for years, and they are doing the same work as those who are on the permanent staff. There is this difference. If the Post Office Department calls them casual employees, they are paid 97 cents an hour. If these men were on the permanent staff they could reach a salary of $280 per month.

I met a delegation of post office employees in Vancouver, and they said they call these men "permanent casual employees." The government gets away with paying them 97 cents an hour. I think it is time the government and this department got into a hole and pulled it in over them.

In Vancouver, sir, there was a chap doing electrical maintenance work. I did not see him, but the delegates from the post office association who came to see me told me about him. This man was receiving the prevailing union rate. Not long ago his position was abolished, and the civil service commission called for applications for this job. This man was told to make application and he would have a priority. He did make application, and he got the job, but at $100 per month less than he had been receiving. Mr. Speaker, it is quite obvious what is going on in this government. I do not think the same thing is happening in all departments; as a matter of fact, I am told it is not. It is in this Post Office Department.

I do not blame the minister. I do not think he knows what is occurring, but I think he has some rotten, putrid advisers. I think it is time something was done about them. I think the minister ought to make an investigation right now of what is occurring. Yes, you have increased wages. Yes, you have introduced the 40-hour five-day week. But what are you doing? You are bringing about the rottenest conditions between employer and employees in Canada, and that is being done by a department of the Dominion of Canada. I am very sorry the minister has not been here while I have been speaking. Since he is here now, I want to say again that I do not believe he knows what is happening in the Post Office Department. I do not think he knows of the policy or the

things that are being done in his department that have brought this department to the position of being known as the most disreputable, despicable employer of labour in the Dominion of Canada.

Since the minister introduced the changes in the Post Office Act, naturally the changes have been made under his authority, but perhaps without his knowledge. But you are bringing them down to a position that is a shame in Canada. I am sorry, but I have just reached the end of what I had to say about the minister's department, and he is now here. While he is here, however, and although it is going to take up some of my time, I want to say again that I think it is terribly wrong that a directive should be issued—I have it here—that no overtime rates shall be paid unless a man has worked over 48 hours in the week. The employees are supposed to be on a 40-hour week basis. I have your directive here, Mr. Minister, and it is wrong. I feel it is wrong you should tell this house that no change in the night differential was under consideration, when there has been a change made in the night differential. The increase in wages does not cover the extra hours of work, so you are gaining a few cents on the night differential from those who work at night.

I want to continue now, Mr. Speaker, with one other phase of my remarks. If the minister is to be brought in, he should be brought in when I commence these remarks. I want to speak to the Minister of Transport (Mr. Chevrier).

Mr. Abbott: He is attending the dominion-provincial conference today.

Mr. Winch: I hope he is more successful in that than he has been with something else. I want to speak about what he had to say in this house under date of March 25, as it appears in *Hansard* at page 3319. He had this to say:

> However, with reference to the transfer to Canadian National Telegraphs, I was unable to give any information to the house, because the departmental officers were in Montreal discussing the arrangements. These have now been completed and, in my opinion, they are as satisfactory as they were with the British Columbia Telephone Company. For that reason I am sure the house will be interested in knowing what are the terms of the transfer.

The Minister of Transport said that the terms of transfer of the employees of the government telegraph service were as good as those in the transfer of the telephone system. I am not expressing my own opinion, but when I was in Vancouver I was met by a delegation of those who were formerly the employees of the government. What did they have to say? They said that the employees of the government telegraph service, one of whom had thirty-one years of service, had received the dirtiest deal that they thought had ever been given to any employee of the government. I have read the statement of the Minister of Transport concerning what he maintains were the terms with reference to the transfer of the government service employees to the Canadian National Telegraphs. The employees say that all the information is incorrect. They say they met as employees with the Canadian National Telegraphs representatives, and that as a result they found their seniority lasted only a short time, and that inside of two months they would be reduced to what is known as a non-schedule basis, under which they would have no guarantee of wages, no seniority, and would not have the protection of any union agreement.

Eight employees in Vancouver refused to accept the proposal offered by Canadian National Telegraphs. One of these men, Mr. J. F. Christie, had been thirty-one years in the service of the federal government. Another, Mrs. Mighton, had been twenty-six years in that service; Mr. Oliver had been in the service seven years, and Mr. Coleman five years in the civil service and seven years in the army—and the time in the army has to be recognized.

The offer was such that all these employees had to refuse. They lost seniority; they lost superannuation rights under this non-schedule basis—and it must be kept in mind that only two, of all employees, came under the schedule basis. Under the non-schedule basis they would lose not only their standard of wage but also their seniority rights.

Something is greatly wrong in this connection, when we see those who have served the Dominion of Canada well being left completely stranded, as these employees were. And I would ask hon. members to keep in mind the fact that one of these men had been thirty-one years in the service of the federal government. It was wrong for the Minister of Transport to state in the House of Commons that the agreement with Canadian National Telegraphs was equal to that with B.C. Telephone Company. Everyone admits that B.C. Telephone was tops in its agreement and gave seniority and the same rates of pay—everything their own employees had. They even took three of the employees of the telegraph system into their employment.

The offer given these men by Canadian National Telegraphs was not the one the minister described to us, and these men quit the service. I say the federal government has a responsibility in the matter in having

Canadian National Telegraphs give the same rates of pay to employees in the federal telegraph service. Failing that, then I say the federal government must accept the responsibility of taking care of its loyal servants who, in the cases I have mentioned, served for periods ranging between seven and thirty-one years. I am going to ask the government to consider this matter, to see what can be done.

I said I was going to discuss only three points, and I have done so. First of all, something must be done—and done right now—on a federal basis to take care of the employable unemployed. This has been a federal government responsibility since 1945. The government has failed to keep its promises. Our municipalities and provinces are being faced with costs which are rightfully those of the government here in Ottawa. I say the Post Office Department is not being fair to its employees. I suggest that the Postmaster General (Mr. Cote) should take careful note of the advice he is receiving, because I think some of it is very bad. Unfortunately the condition of ill repute must be his responsibility, because it cannot be traced to those whose responsibility it ought to be.

While I have no doubt the information given by the Minister of Transport was given in all sincerity, the fact is that it was incorrect, and he has received bad advice. It has been shown that the offer made to the employees by Canadian National Telegraphs was not as he indicated to the house it would be. I suggest the minister should make an investigation immediately, not just through the officers of Canadian National Telegraphs but through meeting directly with the employees who would not accept the offer because they believed it was so vicious it was not worthy of consideration.

It is time the government tucked in its shirt and pulled up its pants. Instead of making excuses it should get down to facts. If it does I am sure it will realize that there are many things in Canada that need correcting, and the government can make the necessary corrections if it only will.

(Translation):

Mr. Bona Arsenault (Bonaventure): Mr. Speaker, on April 6 the Minister of Finance (Mr. Abbott) made his annual budget speech, in which he stated the financial position of the country and clearly defined the stand taken by the Canadian government with respect to the new personal income tax recently imposed by the government of the province of Quebec.

On that occasion, the Minister of Finance, who has long since won the admiration and the gratitude of the Canadian people, once more gave proof of the courage he has always shown in the face of difficulties. One must not forget that he too is from Quebec and that his love for his province is just as strong and sincere as that of any of us from Quebec and of any of those who, outside the house, have set themselves up as the defenders of our province.

On April 14, the Minister of Northern Affairs and National Resources (Mr. Lesage), in one of the most brilliant speeches of his political career, analysed in detail the serious problem which arises in the field of fiscal relations between the federal government and the government of Quebec.

His speech made a deep impression on the intelligent people of the province of Quebec. Through his ponderation, his high-mindedness, his noble sentiments, the hon. member for Montmagny-L'Islet showed us that it is still possible for citizens of a province to examine and discuss dispassionately, without undue provocation and useless arrogance, a problem common to us all and the importance of which cannot be overemphasized.

The problem of intergovernmental relations between Quebec and Ottawa is of too high a level and its implications are much too important for the future of our province to transform it into a common matter of political partisanship.

We therefore have, as elected representatives of the same province, an opportunity which is perhaps unique in history, of resorting to all the resources of our intelligence to do each our share, no matter how small, for the settlement of a problem the solution of which can only be found in the search for truth, in moderation, in mutual respect and more particularly in the honest and sincere recognition of the rights and duties of each of the parties concerned.

We of the Canadian parliament are the first to recognize the right of the province of Quebec, and of any other province, to direct taxation, because this is the only taxation field which, under the constitution of this country, the provinces share concurrently with the Canadian government.

Section 91, subsection 3, of the confederation act grants to the Canadian government the right to resort to "any mode or system of taxation". This is quite clear.

Under section 92, subsection 2, the provinces have the right to resort to direct taxation "within the province . . . for provincial purposes," but their right in that regard is parallel to that of the Canadian government, since the federal government, under section 91, has access to "any mode or system of taxation".

Besides, this point has never been challenged before the courts, neither by the province of Quebec nor by any other province in this country.

Consequently, since the money levied by the Canadian government, under its taxation legislation, is its own property, nobody has the right, through a provincial law or otherwise, to order that part of this money which is the Canadian government's own personal property, shall be, without any agreement to this effect, diverted to the benefit of a province, whatever the motives may be.

In order, then, to apportion this direct taxation field as evenly as possible among the various provinces—a taxation field to which both the federal and provincial governments have access according to the instrument of confederation—every province in this country, with the sole exception of the province of Quebec, has signed fiscal agreements with the Canadian government.

Even Ontario and New Brunswick, which are at present under Conservative administrations, even Saskatchewan, which has a C.C.F. government, even Alberta and British Columbia, which have Social Credit governments, have loyally concluded agreements with the Canadian government, on the basis of friendly co-operation, with a view to the apportionment of personal and corporation income tax fields.

There has been no thought, on the part of these provinces, that in so doing they were giving up any portion at all of their autonomy. On the contrary, the very fact that such agreements do, in fact, exist conclusively demonstrates that the federal government acknowledges that the provinces enjoy rights that parallel its own in the field of direct taxation.

If the leaders of the province of Quebec had shown towards the Canadian government the same spirit of co-operation evinced by the other provinces of our confederation with regard to the apportionment of direct taxes and many other matters, the taxpayers of Quebec would not have to deplore today this hateful system of double taxation and would not have lost from $30 to $40 million a year since 1947.

And yet there are not two constitutions, one for Quebec and one for the other provinces, and section 92 of the confederation act, concerning the provincial powers of direct taxation, does not apply solely and exclusively to Quebec, but to all the provinces of this country. The name of Quebec is not even specifically mentioned in this regard.

Efforts have been made, among the people, to rouse passions, to exploit the attachment of the French-speaking Canadians to their race, to their language, to their religion, by suggesting falsely, to say the least—

Mr. Dufresne: That is what the Liberal party has done for 25 years.

Mr. Arsenault: —that the apportionment of taxes as between the federal government and the provinces is a question that concerns the fields of education, of language, or of religious faith.

The rights of the provinces in the field of education are not established by section 91 or section 92, but rather by section 93 which guarantees those fundamental rights not only to the province of Quebec but to all the provinces of this country. The rights of the French language in this country are recognized neither by section 91 nor by section 92, but by section 133, which guarantees rights not only to the French language but also to the English language.

Can anybody tell me under which principle the distribution of profits among partners in the same undertaking, or the fair apportionment of the product of taxation between the federal government and the provincial governments can possibly be considered as a religious issue?

No, Mr. Speaker, this is nothing but a question of taxation, a matter which concerns the apportionment of the proceeds of taxation, a question to be dealt solely under sections 91 and 92 of the confederation act.

This is hardly surprising, for it is not the first time that such bogeys are being unearthed to impress the people of Quebec. Many of those who are now listening to me will recall that, from 1927, when a Liberal government introduced old age pensions, up to 1937, the provincial governments of the day in Quebec, while pretending to safeguard the sacred rights of that province, denied pension benefits to the older citizens in that part of the country, while during those ten years such benefits were being distributed in the other provinces. During those ten years the citizens of Quebec who were over 70 were sacrificed for the sake of a provincial autonomy which was not at all at stake, and thus lost millions of dollars.

In 1936, on the eve of a provincial election held that year, the present prime minister of Quebec, who was then leader of the opposition, advocated with a gesture that honoured him and that he likes to recall, co-operation with the Liberal government in Ottawa, as regards the payment of old age pensions in Quebec, on the same basis as in the other provinces.

The first payments were made in 1937. And, since 1937, that is since the introduction of old age pensions in Quebec, has the province lost or sacrificed in any measure its autonomy or its sacred rights?

But, that is not all. Again, when the so beneficial Family Allowances Act was introduced by a Liberal government in 1944, the slogan of provincial autonomy and sacred rights was heard once more in the province of Quebec and in at least one other province in this country, a province well known to the hon. Leader of the Opposition (Mr. Drew).

Here in this house, the then Conservative members, many of whom still sit among us, made speech after speech denouncing, with the energy of despair, the establishment of family allowances, in which they saw a measure seriously threatening the sacred rights and the autonomy of the provinces.

Today, however, after an experience of ten years in the administration of this profoundly human legislation, no one, even on the other side of the house, any longer claims that the safeguard of provincial autonomy requires the abolition of our system of family allowances.

And how many members of the Conservative party, beginning with the Leader of the Opposition himself, would dare to utter publicly the speeches they have made against the institution, by a Liberal government, of family allowances.

It is often repeated—many things are said—that Ottawa draws $300 million in personal income tax in the province of Quebec.

It is never said however that Ottawa gives to the province of Quebec, through old age pensions, family allowances, pensions for the blind and subsidies to help the building of hospitals in Quebec, over $200 million per year. It is never said however that the $300 million received by Ottawa from personal income tax in Quebec is not even sufficient to cover the large amounts generously distributed by the federal government in Quebec by way of pensions, allowances, unemployment insurance benefits, public works, grants of all kinds for the maintenance of its various services.

The least that one could do would be to recognize that what Ottawa draws in taxes from Quebec with one hand it gives generously with the other hand to the people of Quebec.

People who advocate social security measures, such as old age pensions and family allowances are called centralizers. Yet there is no more decentralized and more beneficial legislation in Canada than these measures enacted through the wisdom and foresight of the Liberal governments which have held power at Ottawa one after another; these measures today enable the St. Laurent government to take money from the pockets of people who have the means of alleviating the burden of those who are less privileged.

We are accused of being centralizers—

Mr. Dufresne: It is true.

Mr. Arsenault: —while under the terms of the fiscal agreements made with the provinces—listen carefully—we are actually bringing about decentralization and distributing the national income on a more equitable basis for all provinces.

Mr. Dufresne: Let the hon. member repeat that in the province of Quebec.

Mr. Gauthier (Portneuf): You would not understand.

Mr. Arsenault: As we all know economic centralization has come about as the years went by in the centre of the Canadian territory, and more particularly in the two largest cities of Canada, Toronto and Montreal, where are located the head offices of most of the largest business and financial institutions.

For example, mail-order houses, insurance and trust companies and commercial and financial establishments by the thousands drain each year through their innumerable branches disseminated throughout the country millions if not billions of dollars from the public which they send to Toronto and Montreal. As a consequence, these thousands of financial and commercial establishments are liable to taxation on their profits only in the provinces of Ontario and Quebec where their headquarters are located.

The people of the maritime and western provinces of Canada, who have the same right to be called Canadians as we have, have often and strongly objected to being thus deprived of sources of revenue essential to the good administration of their provinces, owing to the unfair situation I have just mentioned and from which they have had to suffer since it is a result of the economic centralization which exists in our country. And that is why we have rich provinces, provinces less rich and poor provinces.

The principle which is followed by the Canadian government in the distribution of old age pensions, family allowances and other social security benefits amongst the people of our country is exactly the same on which is based a fair distribution of the tax proceeds between the federal government and the provinces, through financial agreements.

Economically strong and developed countries subscribe millions to the United Nations and the Colombo plan in order to assist economically weak and underdeveloped nations.

We should all the more, it seems to me, endeavour to regulate our own country's economy by helping out those of our Canadian provinces which, for reasons beyond their control, happen to be economically weaker. Besides, the companies whose head offices are located in Toronto and Montreal find their markets in those very provinces.

Within the field of its jurisdiction the government of the province of Quebec acts no differently. The government, through taxation, collects money where it is to be found, in the richer counties of the province and distributes it, in the form of subsidies or public works, in the counties where money is less plentiful.

As there are in Canada provinces which are wealthy, some which are less favoured, and some which are poor, there are also in the province of Quebec counties which are wealthy, some which are less favoured, and some which are poor.

For example, taxes collected from rich taxpayers on the island of Montreal cover a large share of the cost of the construction of roads, bridges, and other highway work, and of the improvement of provincial public services in the poorer sections of the province.

Mr. Abbott: That is true indeed.

Mr. Arsenault: Would the present opponents of fiscal agreements between the Canadian government and the provinces, who in the past have declared themselves firmly opposed to our beneficial social security measures, by any chance wish for the establishment in Canada and more specifically in the province of Quebec of the conditions which prevail in other countries, where opulence in its most arrogant form disdainfully looks down at poverty in its lowest depth.

Would they like to see, through social discrimination between citizens of the same nation, communism become deeply rooted in Canada, as unfortunately it is already in too many countries of the world, before the government of our country recognizes its duties towards the Canadian people as a whole?

At the beginning of the last war, all the provinces of Canada agreed, in return for financial compensations, to relinquish for a time their concurrent rights to personal and corporation income taxes.

If these wartime fiscal agreements were considered necessary to control our country's economy at the very moment when, to fight nazi dictatorship, the federal government was levying barely $500 million a year for national defence, how much more indispensable should be today the co-operation granted by all the provinces of our confederation to the government of the nation, when, in order to fight communism, a dictatorship one hundred times worse than Hitler's, the Canadian parliament is forced to levy an enormous amount of more than $2,000 million a year to meet the heavy requirements of national defence.

And that is also why, ever since 1945, the Canadian government has submitted to the provinces a series of fiscal agreements meant to replace the wartime taxation agreements. Having seriously studied the scope of these new draft agreements and having submitted in turn their own suggestions to the federal government, every province in this country, with the sole exception of Quebec, reached an agreement with the latter administration.

But even had it not chosen to co-operate with the federal government on the same basis as the other provinces, the Quebec government, as early as 1947, could have taken advantage of a section of the federal income tax legislation under the terms of which it was authorized to retain for its own use 5 per cent of the total amount of federal income tax levied in the province of Quebec, that is, from $12 to $13 million annually.

Here again the province of Quebec—and in doing so it was quite within its rights—

did not choose to take advantage of this federal offer. In this way, then, the people of that province have, so far, been deprived of an amount of more than $100 million.

The government of Quebec, having neglected to avail itself of so many opportunities to lighten the load which its taxpayers were called upon to carry, has suddenly come to life and taken upon itself to impose a new personal income tax upon the people of that province.

Moreover, with no previous consultation or negotiation with the Canadian government—which, after all, is not exactly that of an enemy country—taking no account of a law voted by the federal parliament under whose terms the amount which provincial taxpayers may deduct from federal income tax is limited to 5 per cent, heedless of the fact that this action constitutes a serious threat to the fiscal agreements concluded by all other provinces and whose basis is this 5 per cent of personal income tax, the Quebec government maintains, through the press, that the federal government should allow Quebec taxpayers to deduct from the income tax which they are legally obliged to pay to the federal government, the full amount which it has pleased the Quebec government to provide for through its own legislation.

I am all for the idea of the province of Quebec receiving its share, and all its share, of the financial advantages made available to the provinces by the Canadian government; and in my humble opinion, the province of Quebec never went far enough in that direction.

But to demand at the same time that this transfer of funds, from the federal government to the province—since the matter indeed concerns the revenues derived from federal taxes—be made solely upon the terms arbitrarily dictated by Quebec is, in my humble opinion, going a bit too far.

Our tax legislation does not allow a deduction of 15 per cent, but of 5 per cent. The basis of financial agreements concluded between all the other provinces and the federal government is not 15 per cent, but 5 per cent, as far as the personal income tax is concerned.

And that basis of 5 per cent is not the upshot of a dictatorial challenge by the federal government or of any of the provinces which gave assurance of their co-operation, but the result of patient studies and painstaking negotiations between the Canadian government and the provinces which have signed fiscal agreements, under our democratic processes.

In order to modify this basis of 5 per cent, the assent of the nine other provinces which have signed fiscal agreements would be required and the Canadian parliament would have to consent to a revision of the Income Tax Act.

Yet, as has been ably shown by the hon. Minister of Northern Affairs and National Resources, at page 4079 of *Hansard* of Wednesday, April 14 last, one of the main results of the suggested changes in our Income Tax Act, that is the substitution of the figure 15 for the figure 5, would be to allow Ontario to collect $62 million more for each $29 million received by Quebec, should Ontario denounce or terminate her present fiscal agreement. And it would be in Ontario's interest to do so, unless the federal government agreed to grant this additional $62 million to Ontario through an amendment to the existing fiscal agreement.

For we know that the collection of individual income tax yields more than twice as much in Ontario as in Quebec.

Therefore, by virtue of what provincial rights can the Quebec government leave the federal government with but one alternative, that is to grant Ontario $62 million for each $29 million paid to the province of Quebec? Is that the best suggestion Quebec can offer for the solution of this distressing problem?

To create a multitude of other more serious difficulties is not the best way to solve a problem.

Let us suppose for example that the city of Montreal, under the principle of unilateral deductibility, should decide by a resolution of its council and without consulting the provincial government that granted its charter, to collect a gasoline tax, the proceeds of which would be specifically earmarked for the improvement and the maintenance of the city streets.

Rather than enter into negotiations with the Quebec government, suppose the city claims, through advertisements in the newspapers, that, in the interest of autonomy and of the citizens of Montreal, this tax should be deducted from the amount derived by the provincial government from its gasoline tax, within the limits of greater Montreal, up to at least the amount the city is obliged to levy for the maintenance of its streets.

What would then be the attitude of the premier of Quebec?

In the extremely unlikely case where the Quebec government permitted such a tax

on gasoline to be collected according to the whims of the city of Montreal, would not other towns, villages, and municipalities of the province, for instance Quebec city, Sherbrooke, Three Rivers, be strongly tempted to invoke the same principle and to follow the example of Montreal?

How long could a public treasury, be it provincial or federal, be maintained under such a system?

Some say that since the federal government already grants a 5 per cent deduction under the Income Tax Act, the 15 per cent tax asked for by the province follows the same principle.

No, Mr. Speaker, the principle is not the same.

In one case, the 5 per cent represents an amount placed by the federal government at the disposal of those provincial governments who refuse to accept the advantages of a fiscal agreement, 5 per cent of the personal income tax collected by the federal government being the very basis upon which the amounts to be paid under multilateral agreements are computed.

As far as the 15 per cent is concerned, it is an amount which a province wants to take without agreement, without consultation, without negotiation, without authorization, in spite of the law of the country and in contradiction of the basis upon which rest the fiscal agreements with all the other provinces.

True, the provinces have rights. But the same constitution also grants rights to the federal government which has very heavy responsibilities towards the Canadian people.

Consequently, if the Canadian government accepted the principle that Quebec or any other province could enact unilateral legislation providing for the refund of the amount of taxes which that province decided, for one reason or another, to levy, how could the Canadian government continue to meet its crushing load of obligations contracted to ensure the national, economic and social security of the Canadian people?

Since 1945, the Canadian government and more particularly the Minister of Finance (Mr. Abbott) have made great efforts to find a basis of financial co-operation with the provinces, which would be fair and equitable for each and all of the provincial governments and respect provincial autonomy while enabling the government of the Canadian nation to fulfil its obligations towards all the citizens of the country.

[Mr. Arsenault.]

That basis of co-operation has been found and accepted by all Canadian provinces, except the province of Quebec.

The federal-provincial agreements are perhaps not perfect, but they nevertheless constitute the best formula which men of good will have yet been able to find in the interest of good administration of the provinces and of the prosperity of the Canadian nation.

Thanks to these fiscal agreements and to numerous other financial arrangements between the Canadian government and the other provinces, such as those relating to the construction of a trans-Canada highway, grants to universities, housing, protection of our forestry resources, aid to fisheries, conservation of our water resources, development of physical fitness, setting up of national parks, etc., the other provinces of the confederation fully share in the marvellous economic development of our country.

Meanwhile, in the province of Quebec, they keep on wasting extremely valuable time in discussions over principles which are not at issue; bogeys are set up as has been done so often in the past, for instance with regard to old age pensions and family allowances; and they unfortunately instil in the minds of our Quebec youth the idea that Ottawa is the capital of a foreign country, if not an enemy country.

Again this morning, I was reading in a Montreal newspaper this headline: Duplessis continues to wage his war against Ottawa.

Is there no other solution to this difficult problem of fiscal relations between Quebec and Ottawa than a struggle to the death where everybody, Quebeckers and Canadians, stand to lose?

I share the views of those who believe in conciliation. I still think that intelligent men may come to an agreement in the interests of the taxpayers of a whole province who are anxiously awaiting a settlement of the matter, and who are insisting upon one.

Let us reduce the problem to essentials. What is the point at issue?

Quebec wants to receive and Ottawa wants to give. But there is no agreement of a formula under which Quebec would receive and Ottawa would give. And the tragedy of all this is that Quebec, the one province which requires far less than what Ottawa is willing to give, is the very one which is accusing Ottawa of refusing to give.

Is that not the case?

What the Quebec provincial government wishes to obtain through this new personal income tax legislation which it has imposed on its taxpayers is $22 million more per year for a period of three years.

Even if it were possible for the central government to allow Quebec taxpayers the deduction of such an amount from their federal tax, without jeopardizing the fiscal agreements with the other provinces, that would not solve the problem.

In my humble opinion, the province of Quebec has never asked for enough.

What we Liberal members from Quebec in this house want is the full participation of our province in the economic development of the Canadian nation.

What I now ask for, on behalf of the taxpayers of my province, is the full measure of financial co-operation, made available to the province of Quebec by the government of my country.

If it is not possible for the Quebec government to recover the hundreds of millions it has already lost, often under the most futile pretexts, let us strive, at least, to show more solicitude for our fellow citizens, the taxpayers of Quebec, and try to find a formula acceptable to both parties concerned.

We all know that the fiscal agreements between the federal government and the provinces provide for the rental of three taxation fields, personal and corporation income taxes, and succession duties.

Yet, we also know that with the consent of the other provinces that have signed fiscal agreements, the Canadian government made an exception in the case of Ontario, which still levies succession duties, the proceeds of which are deducted from the total amount granted to the province under the fiscal agreement.

Does this exception, in the fiscal agreement with Ontario, with regard to succession duties not point to the possibility of co-operation, wherein the governments of Quebec and Ottawa could work out a *modus vivendi,* at least on a provisional basis, under which Quebec might obtain a larger part of tax revenues, without hardship for her taxpayers and without jeopardizing the present fiscal arrangements?

Would it not be possible, with the consent of the other provinces, to extend to the collection of corporation taxes in Quebec the exception granted to Ontario in connection with the collection of succession duties, besides extending this latter exception to the province of Quebec?

I have not much experience in financial and intergovernmental matters of this magnitude but is there not in this a possibility which would justify a more thorough investigation by men of good will, working quietly, secure from indiscretions and blatant publicity?

In return for this important concession on the part of the federal government and the provinces which have signed fiscal agreements, would it not be possible for the government of the province of Quebec to agree, without renting its taxation fields and while continuing to collect succession duties and corporation taxes as it does now, to a suspension of its individual income tax law, in order to avoid double taxation in Quebec, and could not the province conclude with the federal government a special and temporary financial agreement providing for the payment, by the federal government, of amounts considerably higher than those the province could collect under its latest income tax act?

During the present debate other formulas leading to an honourable compromise may be put forward, no doubt, but the one I am suggesting, in all humility, sincerity and good faith, would result in the following:

1. It would require, on the part of the province of Quebec, no tax rental agreement whatsoever;

2. It would encroach in no way, either upon provincial rights or upon the rights granted to the federal government by our constitution;

3. It would interfere in no way with the existing fiscal agreements between the federal government and other provincial governments;

4. It would do away with double taxation on personal income in the province of Quebec;

5. It would mean for the government of Quebec financial advantages substantially greater than those which a provincial personal income tax might make possible.

Moreover, as soon as the communist menace lessens or vanishes, as soon as the international tension eases, the national defence expenditures will proportionately go down, and the federal government, no doubt, will greatly reduce taxes, especially the personal income tax.

Such a situation would make it easier for the federal government, with the co-operation of the provinces, to bring about important amendments to fiscal agreements now in force, in order to enable the provinces to resort, in

a greater measure than in the past, to direct taxation without increasing the burden of their taxpayers.

(Text):

The Acting Speaker (Mr. Applewhaite): Order. I am sorry to have to interrupt but I must advise the hon. member that his forty minutes have expired.

Mr. Arsenault: May I have a minute?

The Acting Speaker (Mr. Applewhaite): If the hon. member has unanimous consent to continue his remarks he may do so.

Some hon. Members: Agreed.

(Translation):

Mr. Arsenault: Liberal members from the province of Quebec who sit in this house are as conscious of the rights of their province and of the interest of the Quebec taxpayers as any of their political opponents.

Although they live in Quebec they are nonetheless Canadians. And as such, in the fulfilment of their duties, they do not forget that in 1867 it was decided once and for all that our country, Canada, would not be made up of ten nations, but of only one nation, from the Atlantic to the Pacific.

Therefore, all of us from Quebec should strive to always act in such a way that the government of the Canadian nation may, within the scope of the confederation act and in close co-operation with all the provinces within our confederation without exception, continue to make and increase if possible its truly magnificent contribution to the building of a happy and prosperous Canadian nation.

Mr. Leon Balcer (Three Rivers): Mr. Speaker, when the house adjourned twelve days ago, two ministers had acquainted us with the government's centralizing policy as regards the request of the provincial authorities of Quebec for the deduction of the provincial tax, and today, the hon. member for Bonaventure (Mr. Arsenault) has repeated those very arguments, to which he added some of his own, without, however, substantially improving the government's position.

It would be difficult to imagine a weaker argument in favour of their refusal. In view of the unpopular position of the government, all three wanted to leave the impression that they were expecting a suggestion from the prime minister of Quebec. "We are leaving the door open," they said, "and if the prime minister of Quebec wants to come and discuss the matter with us, we will be delighted."

And yet, there is nothing clearer, nothing more precise or reasonable than the Quebec government's proposal.

The province of Quebec, which is experiencing an industrial expansion unmatched in its history, is faced with the increasing needs of its population. Quebec, where large families are legendary, has acute problems to solve, in order to give her children the education they deserve and have a right to expect, in a wealthy country such as ours.

The province needed more revenue to give her population the same treatment as that afforded the rest of Canada. The Quebec government had to resort to income taxation and showed its good will in taxing, under the constitution, personal incomes on a scale representing 12 to 15 per cent of the amount the taxpayers must pay to the federal government.

The provincial government could have gone farther but it has shown the good will of Quebec by asking the deductibility of an amount less than that offered by the federal government for the signing of the agreement involving its autonomy. By doing so, it affected in no way the agreements concluded between the federal government and the other provinces.

Thus, the poorer, or so-called poorer provinces could still receive these subsidies which are indispensable to them. But, at the same time, it showed that the people of Quebec are determined not to sell their rights for a mess of pottage.

And what were the arguments advanced by the federal government to reject such a reasonable offer which in no way disturbed its plans?

Here are a few examples. First of all, the hon. Minister of Finance (Mr. Abbott), in his budget speech—that is, speaking for the Liberal government—said that he could not allow this tax to be deducted because the province might perhaps, some day, claim a deductibility of 30, 40 or 60 per cent.

This is a childish argument since what is involved is an amendment to the Income Tax Act and since absolutely nothing prevents the government from taking a decision to the contrary. If it cannot allow the extent of deductibility which is being asked for, it can simply refuse, being the sole judge in this matter.

If the request of the provincial authorities is unreasonable, nothing prevents the federal government from rejecting it. But, so long as the provincial government's request means less than the amount which the federal gov-

ernment is ready to grant at the price of a signature which Quebec feels reluctant to give, it has no right to refuse.

As for the Minister of Northern Affairs and National Resources (Mr. Lesage), in addition to this same argument, he advances another still less acceptable. He said that if Ontario took advantage of the principle of deductibility, that province would receive, on the 15 per cent basis, more than it gets from the outright grant. Yet, if we grant 15 per cent to the province of Quebec, how can we refuse it to Ontario, says the minister. Once more, however, it is a feat of imagination which enables the minister to suggest this, for the problem he raises does not exist. Let the federal government grant to Ontario the right to deduct an amount not exceeding the sum that province receives under the agreements and nobody will complain, at least nobody from the province of Quebec.

It is clear when we go over the arguments advanced by the government that it intends to pursue its policy of centralization without the slightest concession. That much talked about freedom to accept or refuse the agreements means that the province must either sign an agreement on the terms chosen by the federal authorities, or lack the necessary funds and be forced to compel her taxpayers to pay double taxes.

Yet, before the last election, the federal government allowed those of the provinces which had not signed an agreement to deduct their share of corporation income tax. Permission was also granted to collect a tax from corporations for educational purposes.

The Minister of Finance, speaking once more on behalf of the government, said in 1953, before the election, when he announced that the corporation tax could be deducted:

> The general effect of this will be to place corporations in Quebec, which is without a tax rental agreement, on the same basis as those operating in other provinces in respect of the burden of corporate income tax.

In the same speech, on the subject of financial agreements, he said:

> The virtue of this approach was that it was not dependent for success on the unanimous acceptance by all provinces. A cardinal principle in the offer was that no pressure, direct or indirect, should be placed on any province to accept an agreement. This has been a fundamental position of the federal government's attitude ever since.

As I said a moment ago that was before the last election and now that the government has been re-elected, in spite of the promises and assertions of the Prime Minister (Mr. St. Laurent), the only freedom left to the province of Quebec is to live isolated in a province whose citizens are placed in an inferior financial position to that of the other citizens of the country.

Until the election, the government seemed to consider these agreements as temporary, but today it considers them as permanent and does not intend to call further federal-provincial conferences to discuss the problem of taxation.

At the beginning of this debate, the leader of my party set forth before the house all the advantages that could result from such a conference.

A meeting between the federal and provincial authorities would enable Quebec to assert its rights and protect its autonomy; it would bring an end to this isolation in which Quebec has found herself since she refused to sign those agreements which were unacceptable to her.

Each year, our province is losing several million dollars as a result of this refusal, and, to cope for a time with this lack of revenue, the provincial government is forced to make use of its right to personal income tax in order to get an amount of $22 million needed for educational purposes, for the health and welfare of its people.

It is quite evident that the federal authorities show ill will in refusing this deduction though it would cost them less than if the province of Quebec had accepted the $115 million offered in exchange for her taxation rights.

It is also obvious that the federal government thought that they had found in this double taxation a means to force Quebec to give up her autonomist policy.

This deductibility which the province of Quebec is asking is surely only a temporary measure, pending a new reallocation of taxes, according to the spirit of confederation and in the interest of Canadian unity.

It has been recognized by our party that the federal government should necessarily allow deduction of the provincial tax. At its recent convention in Ottawa 800 delegates unanimously passed a resolution to this effect.

Certain newspapers, such as *L'Action Catholique* and *Le Devoir*—which, by the way, have been waging a magnificent battle with the federal government on this issue—have expressed concern over the fact that the leader of our party devoted his budget debate speech to demanding that another meeting of federal and provincial authorities be called with a view to allowing the provinces to benefit from a reallocation of taxation fields

according to the principles of confederation, without, however, repeating the resolution adopted at the convention.

But I am pleased, in my capacity as senior member of my party for Quebec, to repeat once more that that resolution was adopted unanimously at our party's convention, and that our party and our leader demand that the federal government allow that deduction.

I insist upon the fact, though, that this deductibility should only be a temporary measure, and that a stop must be put to federal centralization. A new conference should be called so that the provinces may recover their autonomy within the limits of their rights and obligations.

The whole basis of taxation must be revised for, as Sir Wilfrid Laurier once said: "Every successful attempt made by the parliament at Ottawa to deprive a province of a right it enjoys, however immaterial that power might be, is a step further in the direction of legislative union."

And more recently, the Right Hon. William Lyon Mackenzie King spoke along the same lines.

We know that the Right Hon. Mr. Mackenzie King, during the earlier part of his political career and when he was in the opposition, always wanted and always tried to be looked upon as the emulator of the great Sir Wilfrid Laurier.

On one of those occasions when Mr. King took his inspiration from the policies of Sir Wilfrid Laurier, he stated, on April 3, 1930, here in this house:

(Text):

When on a previous occasion we were discussing this matter of grants from one treasury to another, I said I thought it was an unsound principle; in fact, I think I used the expression that it was a vicious principle to have one body raise the taxes and another body spend the people's moneys thus raised. Is there any hon. member who will disagree with me in that statement? There is none. That is the extent of the statement I made. I was referring to a principle of financing, speaking simply in relation to what is sound and what is unsound in financing. Anyone interested in financing, whether of a municipality, a province, a dominion, an empire, or a league of nations, will, I think, admit it is unwise, an unsound, a wrong principle for one body to have to do with raising the taxes and another to be concerned with the spending of the money so raised, that other body not having to account to the representatives of those who have paid the taxes.

(Translation):

We can readily see the tremendous difference between the centralizing policy of the federal Liberal members of today and the attitude of their heroes of the past.

If the other provinces are interested, rather from a financial point of view, in resisting any attempt on the part of the federal government to seize their rights, it is both human and quite understandable that Ottawa's alluring offer could have an effect on the poorer provinces, which must, indeed, get special assistance.

I believe, however, that the campaign launched by the Liberals against the prime minister of Quebec, because he refuses to play their game, is very damaging. They are trying to make out the provincial government of Quebec as a "troublesome" government, with which it is impossible to get along, and they even go so far as to accuse it of separatism and of wanting to consider the rest of the country as a foreign state.

But if, from 1945 to this day, the province of Quebec has had to refuse this deal, which would have brought it more money, the reason for this rejection may be found in its history. Indeed, whether we accept it or not, the fact remains that the province of Quebec is different from the other provinces. Its population is French-speaking and Roman Catholic in a country where the majority is Protestant and Anglo-Saxon.

Up to now, in Canada, even with this duality of language and religion, we always did get along very well together. There have been some clashes, some temporary difficulties but everyone will agree, I think, that Quebec has always tried to deal fairly with the Protestant minority and to grant it freedom and its most sincere co-operation.

Under all our provincial governments, our Protestant school system has always enjoyed the greatest freedom, a fact which can be quoted as an example to all the countries of the world.

Mr. Gauthier (Portneuf): Hear! Hear!

Mr. Balcer: What the government of the province of Quebec is asking today is that the federal government, which represents the country as a whole, should treat Quebec with this same fair play in the matter of provincial taxation.

And I do not call fair play the refusal by the federal government to allow the deductibility of the provincial tax with the sole purpose of forcing Quebec to sign an agreement which the population of the province does not want its government to conclude.

Within the last twelve days, I have realized, by reading the newspapers and discussing this question with the citizens of my riding, that the immense majority feel that the federal government is dealing unfairly with them by refusing to allow the deductibility of that tax.

I am therefore convinced that I would not honourably represent the electors of my constituency if I did not avail myself of every

opportunity to ask justice for Quebec without doing harm to the other provinces but thereby strengthening national unity.

(Text):

Mr. H. J. Murphy (Westmorland): Mr. Speaker, I am very happy to take part in this debate. I shall be very brief in my thanks to the government, because if I spent my time in thanking the government for the many things they have done in my constituency I would have little time left to ask them for some more.

Last November I drew the attention of the government to the need for assistance for the fishermen in New Brunswick, particularly the herring fishermen. I am happy to report that action has been taken, and I wish to thank the government on behalf of the herring fishermen of the county of Westmorland for the assistance given. At the same time, and on their behalf, I would invite this nation to the annual Shediac lobster festival held in Westmorland county, where one would get inside information as to what fishermen have to do.

Last fall I also referred to the importance of the Canadian National Railways in the economy of the city of Moncton and the county of Westmorland. I pointed out at that time that we in Moncton were acutely affected by the lay-offs because we did not have other industries to absorb these skilled men. One of the greatest reasons for the lay-offs on the C.N.R. has been the dieselization of the railway. We do not wish to see progress stopped, and we cannot ask that the railways revert from dieselization to the use of coal. Nor can we expect the government to subsidize any part of the country; yet we feel that our shops are equipped to manufacture freight and passenger equipment. In fact, witnesses at the railway committee told us that last year fourteen units of railway and freight equipment were modernized in the Canadian National Railways shops in Canada, and that three of these were done in Moncton. They consisted of two cars for sleeping accommodation and a diner. I was very happy to hear this and I hope that more of this work will be done in Moncton. Of course, that is up to the management of the Canadian National Railways which, in fact, is the people's railway and I hope that some attention will be paid to my request.

Before leaving the subject of the Canadian National Railways I should like to point out that besides a large number of present employees there are a large number of former employees who are now on pensions. These pensions are based on the wages they received while working for the railway. Many of them were retired at a time when wages were very low, and consequently their pensions are small. I should like to bring this matter to the attention of the government and I hope it will be taken into consideration.

At this time I should like to trace some of the economic changes in New Brunswick since confederation and to make a suggestion as to how the economic situation could be bettered. Last fall I mentioned the Chignecto canal. I should like to go into the matter more fully at this time. Although this idea is not a new one it is better now than ever before, because shortly we shall commence work on the St. Lawrence seaway which, when completed, will enable central and western Canada to ship directly to the overseas markets, to South America and to the Atlantic region of Canada. I feel that those living south of the isthmus of Chignecto should be able to have the advantages of shipping directly to western and central Canada without adding a trip of 400 or 500 miles around the province of Nova Scotia.

As I see it, the Chignecto canal is part and parcel of the St. Lawrence seaway and it could be referred to or called the St. Lawrence seaway of the maritime provinces. Whatever reasons there have been in the past for not constructing this canal, they no longer apply in view of the construction of the St. Lawrence seaway. In addition, there are the great eastern base metal finds in Gaspe and northern New Brunswick which are dependent to a great extent for their development on this canal project which would be the direct route from the mines for the great industrial centres of the United States.

At the outset let me say that we are interested in the Chignecto canal as a finished product and not as a capital work project of short duration. As has been said in this house, public capital works projects are not the employment measures they used to be because of the diminishing amount of manpower which is used in such projects.

There are the strongest reasons for the conviction that the canal would revitalize the whole economy of Canada's seaboard region. Lumbering, farming, fishing, mining, shipping and manufacturing would all enjoy the benefits, and low-cost water transportation would be bound to extend the marketing radius for the native products. In western Canada corresponding benefits would be felt not only in lower prices for maritime products delivered there but also in lower transportation costs for western produce in the markets of the Atlantic region.

The construction of the Chignecto canal would provide a short route in sheltered

waters to the trading points of the bay of Fundy and New England for the products of Nova Scotia, New Brunswick, Prince Edward Island and Newfoundland. It would increase coastwise shipping between the ports on the gulf of St. Lawrence, the bay of Chaleur, Northumberland strait and then on the bay of Fundy. It would increase regular steamship sailings between the Atlantic provinces and central Canada. At this point I might mention that in the railway committee we were told that a steamship will ply shortly between Nova Scotia and Bar Harbor, Maine, showing that the days of coastwise shipping have really just begun in eastern Canada and are not at an end. A Chignecto canal would make it convenient for vessels plying between Montreal and points on the Atlantic seaboard to call at ports, not only in the bay of Fundy but in northern Nova Scotia, Prince Edward Island and northern New Brunswick to load or discharge cargo in passing.

It would revive native industries which flourished years ago but which could not survive the pressure of ever-increasing rail charges; it would stimulate the establishment of new industries; it would create a new economy in the Atlantic provinces.

It may surprise many residents of Canada to know that four years after confederation the percentage of population employed in industry in Prince Edward Island, Nova Scotia and New Brunswick was almost equal to the percentage of population similarly employed in Quebec and Ontario. Seventy-five years later, however, there had been a tremendous change. Ontario and Quebec had been steadily enriched, and their industrial employment average rose. In the three Atlantic provinces there had not been an increase, but a devastating decline. Incidentally, New Brunswick in that period had dropped from first place to second place from the last among the five provinces. Prior to confederation the maritime provinces were regarded as the most prosperous region in British North America. New Brunswick on a per capita basis was the most industrialized of any of the provinces then comprising Canada. The lack of the Chignecto canal is one reason why our prosperity and industrial developments have lagged far behind Quebec and Ontario.

In 1871, of every five Canadian industrial workers one was employed in the maritimes. In 1946 the ratio had dropped to one out of every seventeen. Again, in 1871 the industrial wages paid per inhabitant in New Brunswick were the highest of any of the provinces. In 1946 that province ranked second last in wages.

[Mr. Murphy (Westmorland).]

The extent to which the failure to build the Chignecto canal has arrested maritime development is difficult to estimate. That failure, together with the distress which overwhelmed the seaboard provinces during the depression of the 1870's, were marked factors in retarding our progress. Previously prosperous communities declined in the years following confederation. Industries decayed and our youth, denied opportunities at home, migrated because of the compulsion of economic necessity. The beneficiaries from these involuntary migrations are the other parts of Canada and the New England states.

The industrial design of the Atlantic provinces has been the darkest shadow in the history of confederation and the people of that region have come to the conclusion that one of the most productive remedies, a remedy which would confer lasting benefit, is the construction of the Chignecto canal. The volume of traffic now passing through our Canadian canals far exceeds the expectations of those men who had the faith, foresight and courage to embark on the policy of canal construction. The failure of those men of faith, foresight and courage to include the construction of the Chignecto canal is the failure that we must rectify.

The history of the canal project began more than 260 years ago in the days of the first Acadian settlement in the maritimes. The intendant saw the advantage of serving the isthmus, and his suggestion of how to go about it was quite simple. He suggested that a way be cleared across the flats and thus allow the 47-foot high tides of the bay of Fundy to do the rest. The intendant was not an engineer but his vision of the need, even in those far-off days, was sound.

Actually it was not until 1822 that the first practical step was taken. A survey for the canal was made in that year, and it was followed by others. The most competent engineers of that day agreed that the surveys showed the project to be both feasible and desirable. In the pre-confederation negotiations of 1864 and 1866 the Chignecto canal was repeatedly discussed by delegates. I will show later that this construction was actually promised as an inducement to the maritime provinces to enter confederation.

The first parliament of Canada quickly got down to business on the canal project when, in 1868, it ordered the reports of all surveys referred to the then minister of public works for study. When this was done hopes of early action ran high. Departmental officials who examined the engineering and other data for the minister were so decisive in their recom-

mendations that Senator Robert B. Dickey of Amherst, Nova Scotia, declared, and I quote:

> This great work is now removed from the category of provincial questions and has become a dominion necessity.

It looked as though the undertaking would be gone ahead with immediately, but other factors intervened. Canada was engaged in reciprocity negotiations with the United States, and the enlargement of Canada's waterway system entered into the discussion. This led to the necessity for making an extensive survey of all canal projects. In 1870 a royal commission, headed by Sir Hugh Allan, was established to carry this out. The Allan commission's report divided its recommendations into works of first, second, third and fourth classes. The first class embraced, and I quote:

> all those works.....which.....for the general interest of the dominion should be undertaken and proceeded with as fast as the means at the disposal of the government will warrant.

The Chignecto canal was placed in this category. Included in the works of the first class recommended by the Allan commission and their estimated costs were:

> The Sault Ste. Marie canal, $550,000; The enlargement of the Welland canal, $6,550,000; The Laurie canal—Ottawa, $1,800,000; The Chambly canal, $1,500,000; The deepening of the river St. Lawrence between Quebec and Montreal, $800,000; The Baie Verte or Chignecto canal with a minimum draft of 15 feet, $3,250,000; The St. Lawrence canals, $4,500,000; Deepening the upper St. Lawrence river, $220,000.

With the exception of the Baie Verte or Chignecto canal, all the canals in the first class have now been built. No explanation satisfactory to the people of Prince Edward Island, Nova Scotia and New Brunswick has ever been given as to why the Baie Verte canal has not been constructed.

However, things went so favourably that the government of the day, under Prime Minister Macdonald, called for tenders for the canal's construction but behind the scenes violent disputes had arisen between the departmental engineers on one hand, and the engineering experts of the Allan commission on the other. This dissension continued until 1873 and it is clear from a speech delivered in the House of Commons by Sir Charles Tupper, who later became prime minister of Canada, that prejudices and jealousies arising from frustrated personal ambitions had much to do with the obstructive delays which held back the work on the canal.

Canada's second government, that of the Hon. Alexander Mackenzie, twice included money for the Chignecto canal in the federal estimates, but in the meantime the great depression of the 1870's overwhelmed the country. With financial catastrophe on every side the Mackenzie government appointed another royal commission to go into the question of the Chignecto canal.

Little was heard again of the Chignecto canal until the late 1920's. In that decade, when the rest of the country was attaining new peaks of prosperity, it became alarmingly clear that something was wrong with the Atlantic region. In parliament the maritime representatives once more demanded the Chignecto canal. A royal commission was appointed by the Mackenzie King government in June, 1930, and instructed to inquire into the project in the light of new conditions. Before this commission met the Mackenzie King government was defeated at the polls. The incoming R. B. Bennett ministry, after a delay of one year, named its own commission.

There is a striking parallel between the conditions under which this commission held its hearings and those which formed the background for the Young commission in 1873. Again the world was in the throes of a great depression, a depression recognized as one of the worst in history. Again the government's policy was one of retrenchment, of reducing administration spending and avoiding further financial commitments.

Construction of the Chignecto canal was a definite pledge made prior to confederation in 1867 to the three maritime provinces by the representatives of Ontario and Quebec. In the years following confederation parliament was repeatedly reminded by those who had been delegates to the pre-confederation conferences at Quebec and London that, in the words of Senator Amos E. Botsford of New Brunswick, that the Chignecto canal, and I quote:

> . . . was held out by the Quebec conference as an inducement to New Brunswick to go for confederation.

Senator Robert B. Dickey of Nova Scotia declared that "it was distinctly understood there that this canal should be constructed".

John Burpee, member of parliament for Sunbury, New Brunswick, declared that if the people of New Brunswick had not been satisfied that the canal would be built they would never have consented to the union.

Senator R. D. Wilmot, of New Brunswick, asserted that the canal had been discussed at the London conference of 1866. It was the understanding of the delegates that it would be one of the first public works undertaken.

These and similar confirmatory statements were made in the presence and hearing of other parliamentarians who attended the pre-confederation conferences. They were made

not once but many times, and in no case were they contradicted, or was any doubt cast upon their authenticity. There have been at least ten surveys of the Chignecto isthmus in the last century and a quarter. With only minor differences of opinion on technical aspects, all agreed that the canal was feasible. The following are some savings in miles that would be afforded by the Chignecto canal. The savings are of two kinds; that is to say, there is one route around Cape Breton island and one route through the strait of Canso. The difference between the maximum and minimum savings is 60 or 70 miles. I will give you the maximum savings that would be afforded by the construction of the Chignecto canal:

Montreal to Windsor, N.S., 561 miles; Montreal to Hantsport, N.S., 561 miles; Montreal to Parrsboro, N.S., 561 miles; Montreal to Joggins, N.S., 640 miles; Montreal to Digby, N.S., 452 miles; Montreal to Hillsborough, N.B., 645 miles; Summerside to Saint John, N.B., 662 miles; Summerside to Portland, Maine, 511 miles; Charlottetown to Boston, Mass., 422 miles; Saint John to Montreal, 481 miles; Saint John to Pictou, N.S., 553 miles; Saint John to Newcastle, N.B., 612 miles; Saint John to Charlottetown, 618 miles.

The Chignecto canal is a national need. In fairness to the Atlantic region, as well as in the interests of the whole country, Canada must keep her promise and build it now.

Mr. W. B. Nesbitt (Oxford): Mr. Speaker, there are two points with which I should like to deal during the present debate on the budget. Both of these matters relate directly to the budget itself. First of all is the matter of the textile industry and other similarly affected industries in the country such as the machine tool industry. I know that these matters have already been dealt with in this house at great length on many occasions besides this and that they will probably be dealt with again. But this problem with respect to the textile industry, the machine tool industry and others, of course arises owing to the matter of cheap labour and exchange advantages when trading with other countries which far overcome any tariff advantages there may be to the industries in this country.

I am particularly interested in this matter because in the city of Woodstock, which is the principal city in the riding I represent, there are 2,000 textile workers, many of whom are out of work and most of the remainder are on a short-hour week. In addition, the town of Ingersoll, which is a town of 7,000 persons also in my riding, is virtually dependent on the machine tool industry and lately that industry has been threatened for the same reasons, namely by the importation of machine tools from Holland, England and, in some cases, the United States. For the sake of brevity I should like to deal chiefly with the matter of the textile industry. As I say, I do not intend to deal with it at any great length because it has been dealt with many times before.

As I think most hon. members of the house know, within the last few months a great many textile plants throughout the Dominion of Canada have been closing down, many of them apparently permanently. Since the textile industry is, I understand, the largest employer of persons in the Dominion of Canada,—a year ago almost 200,000 persons were employed in the industry—this situation is an extremely serious one. Recently the Minister of Finance (Mr. Abbott) made a speech after delivery of the budget at, I understand, a radio press conference. The implication of the minister's remarks has caused a great deal of concern in various parts of the country, particularly in my own constituency. I have not before me the exact words of the minister because they were made over the radio but the effect or the implication of his words was that if certain industries, particularly the textile industry, were not able to stand on their own feet, they would have to go by the board. I do not know whether the minister is returning to orthodox Liberal policy of 1911 when the matter seemed to boil down to the question of whether or not Canadians were to be hewers of wood and drawers of water but this impression, rightly or wrongly, has certainly been created by the minister's remarks on that occasion.

I think it is only fair to ask of the minister the following questions with regard to the textile industry, the machine tool industry and certain other industries. How far is the government going to go with regard to this matter of allowing Canadian industries to be put out of commission by competition from foreign countries? The second question is this. Are we going to have a textile industry or are we not? If so, to what extent? As I think every hon. member in this house well knows, there are many considerations other than the economic one which require that we have a textile industry in Canada. The country was glad enough to have one in 1939 when the war broke out; and this statement most certainly applies to the machine tool industry as well.

Mr. Speaker, my remarks will take about two minutes with respect to this matter, and I should like to finish them if I may do so. There is one further thing in this regard. The present policy of the administration has caused a great deal of dislocation in the textile industry in particular. Many plants

have closed, and many are on short time with the consequent loss of purchasing power within the country. The Minister of Trade and Commerce (Mr. Howe) recently suggested to a group of farm implement workers that if they could not get a job in that industry, they could go some place else. This is certainly not an easy matter today because there is in this country a big housing problem, a fact which I understand the government is well aware of in view of the new housing act. It is not easy to go from one town to another and to find a new place to live. The cost of moving is extremely high these days, and if you have to go any distance it is an expensive proposition. More than that, there is another question that arises. Can the new industries in the country absorb all these people who have lost their jobs in the textile industry? Lastly, a great social problem is created. It is a hard thing for a person who has had a senior position of some form or other in the textile industry—a dyer or something like that; a high salaried man—suddenly to have to go out to find a new job in a totally unrelated industry and to take a menial job at a reduced income. That is extremely hard on him and on his family. I think that these are things which the minister should take into consideration with a view possibly to making some changes in the excise tax and in the Customs Act.

At six o'clock the house took recess.

AFTER RECESS

The house resumed at eight o'clock.

Mr. Nesbitt: Mr. Speaker, I should now like to direct one or two brief remarks to the Minister of Labour (Mr. Gregg) with respect to an alteration to the Unemployment Insurance Act that I wish to suggest. It is my feeling that in times of economic stress, or recession as we say nowadays since the other word is no longer in vogue, some consideration might be given to changing the unemployment insurance regulations so that if those seeking jobs in the country should be in excess of a certain figure, let us say, 300,000, the government would be in a position to declare that there was a situation calling for emergency action, and that under such conditions the one day waiting period in a week be set aside until the number seeking jobs had receded to the figure set—300,000.

I fully realize that under ordinary economic conditions the theory behind the Unemployment Insurance Act is that those drawing unemployment insurance share part of the load. In that way the one day waiting period is somewhat analogous to a $25 deductible insurance policy. However, in times when the number of those seeking jobs becomes larger than a figure that could be decided upon after careful study I submit that the one day waiting period should be abolished for the following reasons. It would alleviate the economic pressure, from a sociological standpoint, on families in need. It would keep up purchasing power in the country and help to prevent the downward spiral which is the reverse of the upward spiral of inflation.

This type of alleviation as far as it goes would be somewhat better than a program of public works as it would affect those most directly concerned in any period of recession. It may be that the thinking behind the act may have to be revised. If a proposal such as I have made were adopted I realize there would have to be greater contribution from employees, employers and the government, but I still feel that consideration should be given to this suggestion and that in times of recession it would help matters materially.

There is a subject in the budget with which I wish to deal at some length. I refer to the change in the income tax proposed by the minister so far as the taxation of mutual fire and wind insurance companies is concerned. To review the history of this matter very briefly, these mutual insurance companies have come into being because of a need in the country. As most hon. members are aware, the ordinary straight line insurance companies, as they are sometimes called, are not at all anxious to, and in many cases will not insure farm properties. So far as the few companies that will are concerned, their rates are very high. When the need arises this type of thing grows up. The only way farmers can protect themselves is to band together and form mutual insurance companies. These companies are analogous to credit unions.

I do not propose to go into the subject of credit unions at any great length at the present time. I only wish to say that credit unions, like mutual insurance companies, came into being as the result of a need. Standard banks and loan companies, because of very heavy overhead and the difficulty and cost of collection, have to charge very high interest rates on small loans. As a result the people who needed such loans the most were quite unable to get them because the interest rates were out of all proportion to the good derived from the loan. Accordingly credit unions came into being, and I feel quite sure that most hon. members know that they are

able to lend money at very low rates of interest because of the fact that there is no overhead in office expenses and because people do the work for nothing on a voluntary basis. There is also the fact that, credit unions being localized, the officers in charge know the people with whom they are dealing and they have a much better idea whether or not they are a good risk.

I only mention this in passing because credit unions are somewhat analogous to mutual insurance companies, and I point out that credit unions are not taxed. Then there is the question of co-operatives which are again somewhat similar in nature to mutual insurance companies. Co-operatives are of course taxed to a certain degree. Without going into the details of the taxation of co-operatives at any length, may I say that after their patronage dividends are refunded they have to pay a tax of 3 per cent of the capital employed at the beginning of the year, but this is a relatively small amount. It is a very low rate of taxation.

To get back to the main subject of mutual insurance companies. As most of us realize, these companies are not basically profit-making institutions but, as I have already pointed out, only a group of farmers banded together in order to insure and look after themselves. I do not think anybody would take any exception to a tax being placed on the interest from any investments that these mutual insurance companies hold. I think that is a fairly self-evident thing. The income from such investments should be taxed, but in my view the surplus of these insurance companies, with one reservation which I am going to deal with immediately, should not be taxed.

The minister may very well say that these companies do not necessarily have to pay a tax on their surplus because it can be returned to the policyholders in the form of a dividend. But section 117 of the Ontario insurance act—and I believe the situation is much the same in the other provinces—sets out that such companies, depending on the amount of policies outstanding, must have a surplus of a certain size in order to be in a position to refund to the policyholders. These figures have been outlined in some detail by my colleague, the hon. member for Perth (Mr. Monteith), and as they have already been set out I will not take up the time of the house to deal with them again. But I should like to mention in passing that the amount of surplus that has to be set aside before refunds can be made is related to the amount of insurance policies that have been underwritten.

I would agree that any surplus arising after the figure set by the Ontario act has been reached probably should be taxable, but it is very unfair to tax the surplus of a company until this figure is reached. Such a surplus is in the nature of a reserve. Its amount is laid down by the provincial government concerned and the companies have no choice but to observe the law. This reserve is set up to protect the policyholders and until the amount of surplus or reserve set is reached none of the surplus can be refunded by the company. I should like to suggest that mutual fire insurance companies and mutual wind insurance companies not in a position to legally make refunds should be free of taxation. Otherwise it makes it very difficult for these companies to build up the surplus required by the province in order to be in a position to refund.

For example, a company in my riding increased its policies by $10 million between 1950 and 1952. Accordingly, under the terms of the Ontario insurance act it had to increase its surplus by $60,000 before the company could make any refunds to the farmer policyholders. During this period from 1950 to 1952, the surplus was increased by nearly $50,000 but $17,000 of this had to be paid in taxes. During this period, therefore, only $33,000 was actually added to the surplus. I point out that taxation at this rate makes it very difficult for such companies to reach the surplus necessary before any refunds can be paid.

I cannot understand why the minister has made this proposed alteration in the Income Tax Act. It certainly discriminates against the poorer insurance companies. The richer companies, who have already established the necessary surplus under provincial legislation to enable them to pay refunds, can do so and they do not have to pay any further taxes of this type at all. All these companies have to do is to pay out any future surplus in the form of refunds. This proposed amendment, as just pointed out, makes it extremely difficult for the poorer companies to build up the surplus to the point where they can make refunds.

This situation has been aggravated by the economic conditions prevailing in Canada during the last few years. Inasmuch as building and replacement costs have greatly increased during the past years many people have increased their insurance policies, and the amount of insurance underwritten by these companies has greatly increased, thus increasing the surplus they must have before any refunds can be made.

With all respect, the tax appears like a spite tax imposed by the minister as a result of the supreme court decision last May which enabled these companies to get around the

former section of the Income Tax Act. Following the supreme court decision it was held that mutual insurance companies did not have to pay income tax except on income from investments.

It seems that this might very well be a spite tax because in Ontario, for example, there are 66 mutual fire insurance companies. In 1951, when taxes were levied at about the same rate as proposed by the minister now, the total taxes collected amounted to approximately $184,000. In 1952 the taxes from these 66 companies amounted to approximately $158,000. From the point of view of the total revenue required for the budget, this amount seems relatively trivial.

It hardly seems fair for the minister to reduce taxes on diamonds, furs, cigarette holders, pinball machines and other luxuries, while, in effect, at the same time putting a tax on an essential article such as fire insurance which farmers, as a rule, can get in no other way. It seems very unfair, as I said, to tax an essential service and make the farmer the goat.

I should like to say a word now about mutual wind insurance companies. In the last few years in Ontario, for some unaccountable reason and I suppose we shall have to ask the weatherman about this, there has been an increased hazard from tornadoes. The result has been that a great many more persons are taking out wind insurance and those who have such insurance have been increasing it. Shortly before the Easter recess, according to the newspapers, tornado warnings were posted in Ontario. The result has been that wind insurance companies have had to greatly increase the amount of insurance they have had to underwrite, thereby increasing the amount of surplus that these wind insurance companies have had to have. If they are taxed on the surplus it makes it difficult to build it up to the point where they can make refunds to their customers.

In conclusion on this subject I would stress that the minister should give this subject further consideration. I am sure he has had many representations already, but it does seem unfair that credit unions are not taxed, co-operatives are taxed in a relatively small way, whereas mutual insurance companies, which are basically and essentially the same type of thing, should have this tax on their services. As I said before, I do not believe the people who are concerned with mutual fire insurance and wind insurance companies are worried about paying taxes after the surplus has been built up to the point where they can make refunds to their patrons. It is during the period of building up the surplus to the point required by provincial law before they can make refunds that they object to the tax.

Mr. Romuald Bourque (Outremont-St. Jean): May I first add my congratulations to those that have already been accorded to the Minister of Finance (Mr. Abbott) for the skill and clarity with which he has again this year presented his budget to this house. Under the direction of the minister, the Department of Finance has gained added distinction, and the succession of budgets introduced by the minister has brought credit to Canada not only among our own people but in many nations abroad. I join in expressing the general regret that the minister has determined this shall be the last budget he will present to this house. For that reason this budget has been described as his swan song, but like all the others that have gone before it, its melody has been one that must please the great majority of the people of Canada.

The consistent melody throughout the minister's tenure of office has been sound financing which has kept this country's books in balance, and which is reflected in the position held by the Canadian dollar in the money markets of the world. We are the envy of many nations whose financing, perhaps for reasons beyond their control, has constantly led from one deficit to an even larger deficit. Our Minister of Finance, rightly I believe, determined upon a policy of paying as we go without imposing unbearable burdens upon the taxpayer. He has managed thus to reduce our national debt, meet all our obligations and provide essential funds for our expanding defence forces.

In the history of this country to be read by future generations the term "Abbott budget" will be read with pride by all those who make a serious study of this period of world-wide financial problems and difficulties. We have been well served by a minister who has grasped the fundamentals of budget making, who has a sense of history and who wisely looks to the future while formulating his budget for today. The Abbott budgets have been worthy successors to those of Fielding and Robb and Ilsley, which through good times and bad maintained this country's finances on a sound foundation and contributed to our national growth and development.

As a member of this house and a supporter of this government I was proud when the minister, in his important budget address, spoke as a Canadian who put the welfare of his country above local, sectional or party interests. This government is pledged to

maintaining and developing Canadian unity; to the encouragement of increasing co-operation and understanding between the provinces. We are building here a great new nation. To succeed we must be prepared at times to sacrifice some of those things which may seem important to us as individuals, but which play no part in drawing together our various racial and religious groups and helping them to work and live together in harmony.

As a French Canadian and a Catholic I have addressed many audiences in many parts of Canada, and have spoken steadily and consistently in support of national unity. I have frequently pointed to the dangers that lie in the continuance of ancient prejudices, and have urged all those who believe in the future of Canada to speak up for understanding and friendship between all our people and between all our regions.

It has been said many times since world war II that Canada stands in the same position as the United States occupied in the concluding decades of the nineteenth century. We might also look to an even earlier period and find an example of the problem that seems to be facing Canada today. Abraham Lincoln, one of the greatest presidents in the history of the United States, was dedicated to the preservation of the union. Opposed to him were the forces of one section of the country which flaunted its pride in its past and took up arms in order to break the union which had been achieved less than a century before. In his first inaugural address President Lincoln spoke for the union in these words:

> Before entering upon so grave a matter as the destruction of our national fabric with all its benefits, its memories, and its hopes, would it not be wise to ascertain precisely why we do it. Will you hazard so desperate a step while there is any possibility that any portion of the ills you fly from have no real existence? Will you, when the certain ills you fly to are greater than all the real ones you fly from—will you risk the commission of so fearful a mistake? All profess to be content in the union if all constitutional rights can be maintained. Is it true, then, that any right, plainly written in the constitution, has been denied? I think not. Happily the human mind is so constituted that no party can reach to the audacity of doing this. Think, if you can, of a single instance in which a plainly written provision of the constitution has ever been denied. If by the mere force of numbers a majority should deprive a minority of any clearly written constitutional right, it might, in a moral point of view, justify revolution—certainly would, if such a right were a vital one. But such is not our case. All the vital rights of minorities and of individuals are so plainly assured to them by affirmations and negations, guarantees and prohibitions, in the constitution, that controversies never arise concerning them. But no organic law can ever be framed with a provision specifically applicable to every question which may occur in practical administration. No foresight can anticipate, nor any document of reasonable length contain, express provisions for all possible questions. Shall fugitives from labour be surrendered by national or by state authority. The constitution does not expressly say . . .
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> From questions of this class spring all our constitutional controversies, and we divide upon them into majorities and minorities. If the minority will not acquiesce, the majority must, or the government must cease. There is no other alternative; for continuing the government is acquiescence on one side or the other . . .
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> If a minority in such case will secede rather than acquiesce, they make a precedent which in turn will divide and ruin them; for a minority of their own will secede from them whenever a majority refuses to be controlled by such minority. For instance, why may not any portion of a new confederacy a year or two hence arbitrarily secede again, precisely as portions of the present union now claim to secede from it? All who cherish disunion sentiments are now being educated to the exact temper of doing this. Is there such perfect identity of interests among the states to compose a new union, as to produce harmony only and prevent renewed secession? Plainly, the central idea of secession is the essence of anarchy. A majority held in restraint by constitutional checks and limitations, and always changing with deliberate changes of popular opinions and sentiments, is the only true sovereign of a free people. Whoever rejects it does, of necessity, fly to anarchy or to despotism. Unanimity is impossible; the rule of a minority, as a permanent arrangement, is wholly inadmissible, so that, rejecting the majority principle, anarchy or despotism in some forms is all that is left.

The union survived, thanks to the strength of a president who saw the threat to its existence as the most important fact that existed at the time of his inauguration. Canada, too, must survive, not as a group of individual, independent states or provinces, each adopting and following its own policies regardless of the interests of all the others, but as a federation of provinces concerned of course about their own prosperity and their own rights but dedicated to the development of a single great nation, in the prosperity and development of which all will share.

My own province of Quebec has a long and stirring history in which all of us whose heritage is French take pride. We have no wish to sacrifice our language or our religion; and no responsible person in Canada has ever suggested that we should. Neither do we have any wish to be considered apart from the rest of Canada nor to be looked upon as other than good Canadians. The Minister of Finance, who comes from the province of Quebec and who represents an important constituency in that province, recognized that fact in his budget address. He spoke in support of a principle which surely all of us here in this Canadian parliament must accept, the principle that this federation of Canadian provinces must be preserved and that no individual or group, from whatever misguided notions, shall have the right to destroy it.

World conditions imposed upon the minister the necessity of keeping our defence budget

at a high level, and thus made impossible the reductions in taxation which he and all members of the government would have liked to introduce. Taxes upon business continue to be heavy and this burden, made necessary by the continuing high cost of defence and other essential public services, constitutes a threat to our continued economic development.

It has already been pointed out, Mr. Speaker, that Canada, through high wages, taxation, and the high cost of operating in a country of great distances and great climatic variations is in danger of pricing itself out of world markets. This danger has already been demonstrated by the textile industry, which finds itself unable to compete with textile producers from other lands. Unless we are to weaken our defences and lower our standard of social security and pensions, we must continue to maintain our sources of revenue which come through taxation. I would suggest to the minister and to his successor as head of the Department of Finance that some consideration be given to a source which has until now been entirely overlooked both in this country and, I believe, in the United States.

Capitalist organizations are subject to taxes upon their earnings, whether these come from their own operations or from their investments. During the past years of full employment another group of capitalist organizations has developed and has remained tax free. I refer to the great labour unions with huge memberships. The unions receive dues from their members and in many cases have established large reserve funds which are invested in stocks and bonds and thus return dividends, or profits each year to the union. I have no argument with this. They are to be commended on their sane business acumen and foresight. I am pleased, as many others must be, to see that the labour unions are recognizing the importance of profits and thus are likely to be more concerned in the future than some of them have been in the past about the earnings of capitalist companies. The fact that many of these unions will share in the profits of these industries will bring a closer and more intimate understanding between capital and labour and we will all benefit by this mutual interest in the country's industries.

Neither do I suggest that any tax should be imposed upon capitalist labour organizations which is not also imposed upon other capitalist groups. All incorporated companies that make a profit pay taxes upon those profits. It seems only fair and equitable that labour unions which make a profit should be similarly taxed.

I have no figures for Canada, but I do have some astonishing figures indicating the extent of labour union profits in the United States and there seems to be no reason to think that the profits of Canadian unions, in many cases only the Canadian branches of American unions, should not be on a comparative basis. Writing in the *Daily Mirror* of New York on April 9 this year, Victor Riesel reported that Dave Beck, head of the teamsters union, told a California audience that his union has been earning an average profit of $113,000 a month on the stock market, or more than $1,500,000 a year. Riesel estimates that the union has some $5,000,000 invested in securities and has a reserve of some $32,000,000.

Just a month ago, Riesel reports further, the American Federation of Labor central labour union in Philadelphia employed a securities adviser formerly connected with a local brokerage house. The city's 195 unions will share the services of this adviser to make certain their funds are invested in the most potentially profitable stocks. The C.I.O. national maritime union recently deposited some $25,000,000 from one of its welfare funds in a bank for future investment.

The bigger unions, Riesel reports, have funds as high as $175,000,000. The international garment workers union earns about $1,000,000 a year on investments and the locomotive firemen and enginemen's union takes in $1,100,000 a year, according to recent reports.

The trend towards labour investments in the United States is increasing as reserve funds grow, and the same situation will develop in Canada. Here is a legitimate source of income or profits taxation which should not be overlooked and it is one which fairly tapped could only be welcomed by those who insist each year upon the imposition of higher and higher taxes upon profits. I offer the suggestion for serious consideration to the Minister of Finance who must welcome any new source which will permit him to maintain present high revenues without imposing undue hardship upon those who are already paying the nation's taxes.

Mr. G. T. Purdy (Colchester-Hants): Mr. Speaker, one week ago today the people of Nova Scotia at Halifax buried a great chief to a province's, yes, to a nation's lamentation. I was a member of this house during the period of Angus L. Macdonald's labours here as minister of naval affairs. Following that, for the next four years, I was one of his bonnets in the legislature of Nova Scotia, the province he loved so dearly. Last year it was my privilege to carry his colours in the

provincial election. I was not successful, but his government was again returned with a substantial majority.

In the early thirties it fell to the honour of Mr. C. P. Blanchard of Truro in my constituency, that of Colchester-Hants, to place the name of Mr. Macdonald in nomination in the provincial convention as our leader. At that time he was practically unknown in politics. From that time until his death I had been closely associated with him in political matters and am proud to say that I loved Angus L. Macdonald. His name has now been added to the long list of great political figures from that little province down by the sea who have gone to their great reward: Howe, Thompson, Tupper, Fielding, Borden, Ralston and scores of others. Angus Macdonald is gone, but his memory will remain in Nova Scotia forever.

One of his greatest ambitions in recent years was to lead the 100 pipers over the Canso causeway at the time of its opening. The causeway will be opened soon. The pipers will march, and the pipers will play, but instead of the colourful dress of the band, many of us will see through a veil of tears leading that procession the gallant figure of Angus L. Macdonald with his kilts swaying in the breeze and the tune we will hear will not be "The Road to the Isles", but "Flowers o' the Forest". While in the case of Angus L. Macdonald memory is not the only thing that grief can call its own, yet it was my hope that the causeway would be named after him. I understand, however, that Mrs. Macdonald has given her consent to the Halifax-Dartmouth bridge being named in his memory, which may interfere with this. The bridge is a provincial-municipal undertaking and I feel that the people of Canada as a whole would not wish that Nova Scotia alone be responsible for preserving in stone or some other suitable way forever and a day the memory of this great Canadian.

I suggest that the opening of the causeway, which is a federal-provincial undertaking, would be the time and place for such recognition and urge the minister from Nova Scotia and his associate the minister in charge of the historic sites and monuments board to take my suggestion into prompt and favourable consideration.

The late Joseph Howe, another great Nova Scotian, is responsible for these famous words:

> A wise nation preserves its records . . . gathers up its muniments . . . decorates the tombs of its illustrious dead . . . repairs its great public structures and fosters national pride and love of country by perpetual reference to the sacrifices and glories of the past.

Surely this nation would wish to profit by these words and see that the name of Angus L. Macdonald is associated with this great undertaking and his memory brought forcibly to the minds of those who pass that way so that they may be reminded that in our humble way we all have a part to play in developing this great Canada of ours. Further, it would once again bring home to us that "lives of great men all remind us we can make our lives sublime, and, departing, leave behind us footprints on the sands of time".

This afternoon, Mr. Speaker, I listened with deep interest to the remarks of the hon. member for Westmorland (Mr. Murphy) and other hon. members from the maritimes dealing with matters of importance to those provinces down by the sea. As a representative of Truro, which is the railway centre in Nova Scotia comparable to that of Moncton in New Brunswick, I wish to commend the hon. member for the words he used on behalf of our railway people.

Coming now to the other project mentioned, namely the Chignecto canal, having been born and brought up within sight of one of the surveys carried out on that project, and having travelled the route of the old Chignecto marine railway which it was thought would take the place of the canal but unfortunately did not develop, I would like to associate myself with the hon. member's request that the Chignecto canal be considered as the maritime end of the St. Lawrence waterway and developed along with that great undertaking. Surely the maritime provinces are quite within their rights in asking for that.

I do not propose this evening, Mr. Speaker, to go into the great problem of maritime rights except to draw to the attention of some hon. members who have not been here over the past few years the fact that we in Nova Scotia, New Brunswick and Prince Edward Island have a heritage in regard to things which we believe were promised to us at the time of confederation but which have not yet been carried out.

Mr. Winch: Mr. Speaker, I am sure we all wish to hear the speech of the hon. member and I would ask him, through you, sir, to speak a little louder because it is impossible for us to hear him over here.

Mr. Purdy: Mr. Speaker, I would certainly like the hon. member to hear what I have to say because if he had paid a little more attention to what I am saying than he has done over the past few months it would be much better for Canada.

Mr. Winch: Mr. Speaker, I still could not hear that remark.

Mr. Purdy: Read it in *Hansard.* Now, sir, as I was saying, at the time of confederation we in the maritime provinces, as other hon. members brought out this afternoon, believed we had received certain promises. We thought we would be enabled to market our natural products in the central provinces through means of the Intercolonial railway and through other means which would enable us to make up what we were losing in our north and south trade. Without wishing to take up the time of the house on this point I would like to illustrate how that situation has developed up to the present time.

Today, Mr. Speaker, it costs me $22 per thousand to send my lumber to Toronto. On the other hand, a friend of mine in Windsor, Nova Scotia, who is in the plaster business—and I would like to remind the house that these are both natural products—has a net return of $8.30 per ton on plaster shipped to the Toronto market compared with $16.50 a ton for a comparable industry in Ontario. In other words, our people in the maritime provinces are not able to enter the central Canadian markets, as we were promised at the time of confederation, because if we did our workmen would have to work for just one-half the amount received by those employed in industry in the central provinces.

However, Mr. Speaker, this is the place but certainly not the time to develop this point further. It may be Nova Scotia has not developed as we thought she would under confederation, but we still love her and we are very glad to return to our native province when we are through here.

Mr. Erhart Regier (Burnaby-Coquitlam): Mr. Speaker, I have not heard such good news for some time as that which was related to the house tonight by the hon. member for Outremont-St. Jean (Mr. Bourque) when he listed for us the millions of dollars the labour unions were beginning to pile up. I think that is a very good omen and I would like to see the day that when there is some difficulty across the bargaining table the labour union representatives do not immediately have to think of those who may be hungry at home if they do not kow-tow to the wishes of the employer. I would emphasize again how happy I am to hear that some of the labour unions now have such assets that they are compelled to employ investment advisers.

However, the hon. member did not mention one matter which I read about in that connection within the last few days, and that was the case of where one of those wealthy labour unions—and it was, I believe, the teamsters union—had helped out in refinancing a plant and were thereby able to ensure the continued solvency of that plant as well as the security of their own employment. In view of the large earnings of those labour unions we might well give some thought to the possibility of the unions investing these moneys and the workers thereby enabled to become part owners or at least have a much more real personal interest in the welfare of a particular enterprise than they had when they were merely wage earners.

At this time I cannot help but comment on a thought which occurred to me recently when I reread the speech from the throne. Like many other hon. members, Mr. Speaker, I am at this moment attempting to make a guess for my family as regards how long this session may last. I therefore reread the speech from the throne in order to determine what work had been outlined there and with which we had not yet dealt. I noticed two matters. The St. Lawrence seaway project and pensions for the handicapped, and I reflected "well, is it not typical of the Liberal government in Canada that those things that would mean so very much to people all over Canada are being left to the very last." I sincerely hope, and this is my only reason for mentioning it, that this house is not going to go home for a summer recess on the understanding that pensions for the handicapped may be a possibility next year. I believe that since we have announced these pensions as far back as last fall we should not allow these people to wait for legislative action over such a long period of time. I believe we would have been more considerate of these people if we had completed the negotiating which was necessary before we made any announcement. These people are very, very hard up and a great many of them have been waiting many, many months wondering whether their standard of living is going to enjoy any change and how long they will have to wait before things improve.

In looking over this business of the national economy I notice that the gross national production last year is listed at some $24 billion. Then I notice that the Minister of Trade and Commerce (Mr. Howe) confidently predicts that there is going to be available for reinvestment purposes in Canada this year the sum of $6 billion. Out of a gross national production of $24 billion, $6 billion means that out of every four dollars' worth of goods that were produced last year, one dollar has been laid aside and is available within the national economy for reinvestment purposes. At this time when our home market needs a boost, I think that percentage is out of all proportion to what it ought to be.

If you take into consideration the net national production, the situation is much worse. There is a great deal of money being made in Canada. I should also point out that the $6 billion is a great deal more even than this federal government—which on the whole renders a great many services to the people of the nation—receives from the people by way of taxation. When we hear of the criticism that the federal government is spending too much money, I think we should see the thing in its proper light and should remember that there is even more money available for reinvestment than is being used by all the activities of the federal government.

I think that the greatest evil or harm of this large amount available for reinvestment purposes, however, lies in the purposes for which this money is going to be used. We have in Canada surpluses of almost all the basic commodities that we produce. Yet the managers of this investment money are this year proposing to build still more mills and still more factories to turn out yet more goods that we already cannot sell. Therefore, as my leader has done once before this year, I would advocate that it is time a national investment board were set up. We have great need for investment in this new land of ours. However, our investment at this time should be in durable consumer goods such as highways, hospitals, schools, more modern penitentiaries and other like social measures. A national investment board would be able to give some direction to the flow of investment money that is available within the nation.

I should like to make just a few remarks also on a part of the budget address given by the Minister of Finance (Mr. Abbott). I notice that he went to great lengths to express his satisfaction at the fact that the soft-currency areas of the world were rapidly gaining that blissful state known as convertibility. I am sure we all look forward to the day when nations can buy and sell wherever they wish to sell in the world, and will have the money with which to complete the necessary transactions. However, we in the C.C.F. have always advocated that this business of convertibility should be handled by an international agency under the auspices of the United Nations. What has happened? Under an international agency all the "have" nations of the world would assume their share of the responsibility. The rest of the world is improving the value of their money in terms of the United States dollar merely by means of learning to get along without it. This does not affect the Americans nearly as much as it affects us. I understand that if the need arose they really have to rely on the export market for only some 2 per cent of their national output whereas we, a country with only about one-tenth of the population of the United States and even greater natural resources, must export or die; and by "die", I mean suffer the pangs of the hungry thirties all over again.

Those who are operating the United States economy do not seem to be much concerned about what happens to the Canadian economy when convertibility is established in the soft-currency areas of the world. It does not hurt them but it certainly hurts the primary producer of our land. It is extremely hard for Canadians to sit idly by and accept the assurances coming from the Canadian cabinet that everything will be all right when we see the people of Australia ordering Russian salmon which they do not like as much as they like our salmon and paying for it more money than they would have to pay for our salmon only because they have not the United States dollars with which to buy our salmon. I think that is maybe putting the situation crudely, but it is putting it in language that the Canadian primary producer, especially the fisherman, is well able to understand. The same thing applies to the sales of Canadian wheat, Canadian lumber, Canadian apples and all the other basic primary commodities of Canada.

Each day I am in the house I spend much of my time looking at the front seats of the government and observing the reactions I can see there. I never saw them look more unhappy than they looked on the day they returned from the economic conference in Washington and the report that was given us told us exactly what we were afraid it would tell us. It told us that they had received a polite "no" over in Washington. I think it is time that we insisted to our good friends south of the border that, much as we like world-wide convertibility, we do not want it to come about at the expense of our markets.

I now come to my last major subject. The first plank in the platform of the British Columbia section of the C.C.F. calls for the establishment of a permanent dominion-provincial secretariat. We believe that there are plenty of dominion-provincial difficulties with which to occupy the full time of such a secretariat. We believe that the situation as to the federal government versus the Quebec government would never have arisen if there had been a permanent dominion-provincial secretariat in operation in the past ten or fifteen years; we do not think that such basic differences of outlook in the Canadian economy would have arisen. We believe that almost every department of government would be involved in such a secretariat. We have these meetings taking place all the

time. I understand that there is one taking place right now on a relatively minor matter, namely in regard to interprovincial trucking on the highways. We hear of these meetings every once in a while.

We think it would be much more satisfactory if some kind of permanent arrangement were made. I think that a dominion-provincial conference would also help to emphasize to the federal authority the needs of the lower levels of government. I doubt very much whether there is one provincial government in Canada now that has the resources in relation to its obligations available to it that the federal government has. Over and above the powers of taxation the federal government also has wide fiscal and monetary powers which it has used on past occasions and is able to use again. I do not think there is a municipality in the whole Dominion of Canada that has resources in relation to its obligations as adequate as those of the federal government.

I am thinking of the needs of possibly the smallest unit of local government, our public and high school boards. I am thinking of those in charge of looking after our educational needs. These needs are growing all the time but very little is done. It may be said that five-year agreements are made but in five years a great deal can happen so far as the needs of these lower levels of government are concerned. In five years a lot can happen to the value of money. I believe it was the Rowell-Sirois report which came out with the flat statement that if the upper levels of government would exercise the same measure of economy as was being exercised by the local municipal governments our nation would have nothing to worry about.

One does not have to be around here very long to realize the great disparity between the value of money here and the value of money to the volunteer municipal official back home whose obligations, I maintain, are just as important as those of this government. Yet even though he is sacrificing night after night of his time year after year in performing such work he is unable to satisfy himself that he is meeting these responsibilities. At the present time our municipalities have special local growing pains. I should like to advocate a policy of very low interest loans for self-liquidating municipal undertakings in order to help our rapidly growing municipalities to meet their needs. I should like to see the federal government assume full responsibility for all the main highways of the Dominion of Canada. I should like to see the provincial governments assume responsibility for all secondary highways and the municipal governments take over the local or market roads, as I believe we usually call them.

This is one matter which could be ironed out by a permanent dominion-provincial secretariat, and I am sure that eventually agreement would be reached. I am certain of one thing, that we would not have the federal government agreeing to pay one-half the cost of a large section of the trans-Canada highway in one part of British Columbia when that highway, we are given to understand on good authority, is going to be flooded by a huge hydro development possibly even before it is fully completed.

With respect to the field of health services, if you look at the outlay by provincial governments for such services you will see that high costs are making it impossible for the provincial governments to fulfil some of their other responsibilities. So far as housing is concerned, we heard numerous speakers emphasize during the housing debate that the housing act does provide for dominion-provincial-municipal agreements for low cost rental housing. The fact remains, however, that this provision has been on the statute books for a goodly number of years and the municipalities and provincial governments have not taken advantage of it. Some speakers have taken them severely to task for not taking advantage of the legislation.

I submit there is something wrong with the legislation. The municipal and provincial governments are as interested in low rental housing as the federal government but their resources are so limited that even though the terms offered to them for low rental housing may seem adequate when viewed from the federal sphere they do not seem adequate to those people who have to take the initiative in the matter.

In the field of education Canada faces a serious crisis. I know there are constitutional difficulties involved but I am going to stick my neck out, as it were, and offer an easy short-cut. I do not do so lightly. I have taken up the matter with a number of educational officials from time to time and they think the idea is at least worth putting forward. I think our teacher shortage might well be overcome if the federal government, in lieu of something else, would offer to pay directly to every teacher, certified as registered and engaged in teaching by a provincial government, a grant of $1,000 a year. I think that would meet with quite a favourable reception as an immediate measure that could be undertaken to eliminate the supervising of classrooms of thirty-five or forty youngsters by grade 9 or grade 10 students. That situation exists from one end of Canada to the other today and something has to be

done about it or those teachers who really are teachers are soon going to leave the field in even greater numbers.

I should like to emphasize again that this business of democracy that we talk so much about has its foundations in the lower levels of government and not in the federal government. Democracy is built from the bottom up and the people who build democracy in Canada today are our local parks board commissioners, our school board members, our municipal councillors, our mayors, our provincial governments, and to a certain extent also the federal government. But the most important part of democracy is to be found in the lower levels of government. Let us give them the tools and they will do the job.

We find that sometimes they are obliged to resort to very desperate measures. In British Columbia we have a 5 per cent retail sales tax. In the province of Saskatchewan there is a sales tax and also in the province of Quebec. There is a sales tax in some municipalities. Do we want to force all our municipalities to levy sales taxes? Some municipalities levy poll taxes. Some are forced to raise their licence fees, thereby hindering commercial development. Yes, these lower levels of government need more revenue and that revenue can be allotted to them without impinging upon their constitutional rights. It is being done and has been done for years and years. The federal government has rendered assistance to the lower levels of government. To my mind it has not been adequate but they have done so and I think it is time they did so more adequately and showed that they have some confidence in democracy.

However, we in the C.C.F. do not agree with the Conservative amendment which says that a dominion-provincial conference should be called for the purpose of bringing about a reallocation of taxing authority. I think, to be exact, the words are "reallocation of taxing powers". I do not believe any municipal government wants the right to levy a sales tax. I believe all provincial governments would very much like to abolish their sales taxes. I believe that the less taxing levels of government we have, the better we will be. However, they must have more revenue.

We agree with the Conservative amendment that some tax reduction is possible. We especially do not like the excise tax. We regret that concessions were made to luxury goods. I feel that a concession to the automotive industry would have been much wiser than a concession to those buying fur coats, hunting equipment and the like. We believe there is a good deal of waste and no effort is being made to conduct a proper efficiency survey on the operations of this $5 billion a year undertaking known as the federal government.

We agree with the Conservative amendment that this government is doing nothing towards helping to solve the unemployment problem, and that the inaction of this government has lost for us the major share of our overseas markets. However, we are unable to agree with the Conservatives when they say that a dominion-provincial conference should be called for the purpose of reallocating the powers of taxation.

Mr. Charles Yuill (Jasper-Edson): In rising to take part in this debate, I should like to draw the attention of the house to a few of the things that would perhaps enhance the situation of the farm industry. Coming as I do from an agricultural constituency, I feel that it might be important to mention a few of the ways and means that this government could use to enhance the take-home pay of those who participate in this greatest industry in Canada.

Since agriculture is the major industry of the country, and since we have had three bumper wheat crops in a row, the equivalent of approximately five average crops, one might think that every one in the agricultural industry would be prosperous. A glance at the record does not indicate this to be so. The figures I am about to quote are taken from briefs submitted to the government of Canada by the interprovincial farm union council. We find that farm income has taken a drop of $137,270,000 in one year, that is from $2,811,949,000 in 1952 to $2,674,679,000 in 1953. At the same time, the farm debt in the three prairie provinces increased from $367 million in 1946 to $486 million in 1952 and chartered bank loans increased from $283 million in 1952 to $381 million in 1953.

Borrowings under the Farm Improvement Loans Act were increased from $85 million in 1952 to $98 million in 1953, and there has been an increase in applications for loans in 1953 of 33 per cent over the previous year. This does not indicate prosperity. There are many contributing factors to this unhappy situation. It is not a matter of overproduction but rather one of underconsumption, caused by lack of proper distribution, that aggravates the situation. Until this government is willing to put into circulation sufficient credit or currency to equate our ability to consume with our ability to produce within Canada, and to trade on a mutually advantageous basis with other trader nations by accepting the currency of those countries in

payment for our products, there is little hope for a prosperous industry in Canada, be it agriculture or anything else.

There are other things the government could do to stabilize the agricultural industry. They could keep an eye on the unfair practices and exorbitant price fixing of the farm implement manufacturers. They could investigate the alarming increase in the price of fertilizer as well as the unfair practices of the packing plants and their unreasonable spread between the price paid to the producer and the price charged to the consumer. There should also be closer observation of the methods of grading and mixing of coarse grains at the lakehead.

Returning to the price of farm machinery, may I say that since price controls were removed in 1946 the rate of increase in the price far exceeds the increase in production costs. While it is true that wage rates in the farm machinery manufacturing industry have increased it is also a fact that owing to the rapid mechanical and technological advances in the industry the average output per worker has increased to the extent that the labour cost per manufactured unit has been greatly lowered. In 1945 the average output per worker in dollars was $2,223, while in 1950 it was $4,218. On the other hand, wages and salaries in the industry constituted 42·4 per cent of the gross selling value in 1945, and this dropped until in 1950 the percentage was only 28·9.

Furthermore, the operation of the Farm Improvement Loans Act has greatly reduced the credit losses, collection costs and administration costs of farm machinery producers. With these facts in mind, it does seem advisable that an inquiry should be made into this situation.

Let us turn now to fertilizer. Today the use of fertilizer is almost a necessity. Year by year the use of artificial fertilizer has been increased. However, the cost has increased to the point where farmers cannot afford to buy this product. This will have a decided effect upon production and the farmers' income as well. One company, the Consolidated Mining and Smelting Company of Canada, seems to have a monopoly on the manufacture of fertilizer in western Canada. The price of fertilizer has doubled in the last ten years, and seems to be still advancing. From 1940 to 1945, sulphate of ammonia, the chief source of nitrogen, was produced at a plant in Calgary owned by the federal government at an average cost of $19 per ton, while at Trail and Welland it cost $29 per ton. When the Consolidated Mining and Smelting Company took over the government owned plant at Calgary in 1946, the price was raised to $40 per ton and is still going up. I am told that today it is about $118 per ton.

Let us see what has happened to our livestock industry. Taking the records of the three largest delivery points, Montreal, Toronto and Winnipeg, we find the average price paid for all grades of cattle in 1951, as compared with 1953, are as follows: In Montreal in 1951 a farmer received $24.82 per hundred, and in 1953, that price was reduced to $14.31 per hundred. In Toronto in 1951, the price received was $29.70, and in 1953 it was reduced to $17.34. In Winnipeg in 1951 the price for livestock was $27.40, while in 1953 it was $14.70. This shows a decrease of 43 per cent in two years.

Is it any wonder the producer is worried? I fail to see why cattle prices should have been reduced so drastically—certainly not because of our supply! We find, according to the September issue of "Current Review of Agricultural Conditions in Canada", issued by the Department of Agriculture, that we in Canada consume 95 per cent of all the cattle we raise. We find that the latest statistics show stocks of meat held by packers, abattoirs, and cold storage warehouses as of December 1, 1953, were 13 million pounds less than on December 1, 1952. This gives the lie to the supply-and-demand argument as the reason for declining prices.

Examining the long term trend of livestock numbers, as it is related to human population, we find that in 1900 Canada had 1,278 cattle per 1,000 population, while in 1953 we had only 784 cattle per 1,000 people. Considering Canada and the United States jointly, we had only 66 per cent as many cattle in 1953 as we had in 1900.

The latest figures compiled from national revenue taxation statistics for 1951 show the entire meat industry had, after taxation, a net profit of over seven and a half million dollars, the equivalent of 30 per cent of the share capital, while the producer had to settle for not much more than fifty cents on the dollar in the sale price of his cattle. This proves that the packing plants have been having a field day at the expense of the producers and consumers alike.

Since lifting of the controls that were in effect during the war the packing plants have been taking the public for all the traffic will bear. There was a time when you could see some evidence of compatibility between livestock prices and the wholesale prices of the finished products—but not any more! In many cases the quality of their products has deteriorated, and the wholesale prices do not reflect any relationship between the rail grade price and the wholesale price.

The packers never miss an opportunity to make some easy money. I know what I am talking about because I have over 43 years of experience in the retail trade and do not have to go out of my own shop to prove what I say. I mentioned in my maiden speech an incident that occurred last Easter, a year ago. As many of you know, there is an extra demand for smoked hams at Easter. Just before the butchers had an opportunity to purchase their supply of Easter hams the packers went into a huddle and decided overnight to raise the price of smoked hams eight cents a pound, in spite of the fact that rail grade price of hogs had dropped 65 cents per hundredweight.

I have seen the price of cooked hams and bacon go up as much as ten cents per pound overnight, with little or no justification. When top rail grade prices for hogs range from 28½ to 33 cents per pound, can anyone tell me why the wholesale price of cooked ham should be $1.02 to $1.06 per pound, or why sliced back bacon should be sold at 95 cents a pound wholesale? It will be hard to convince me that these prices are necessary to make a fair margin of profit.

There are many other indications that the producer is not getting his share. In the beef market the producer is again at the mercy of the packing plants, particularly if he has an off-type animal which, in spite of its grade, invariably finds its way well up the grade when offered for sale at wholesale. They try to justify their tactics by the old story of supply and demand. Assuming they are right, do you not think the producer should enjoy the fruits of his labour and share in this increase?

Another thing that has caused the farmer some concern is why he was not considered in the price support extended during the hoof-and-mouth epidemic? The farmer was told, by inference at least, that there was nothing to worry about, that he would still receive the basic floor price of around 23½ cents per pound, and that then all would be well.

You can imagine their surprise and disappointment when they sold their heavy hogs, into the raising of which they had put all their extra grain and a great deal of extra labour, for as low as 11½ cents per pound, or only 50 per cent of the prices expected.

The government then turned around and paid the packers 60 cents per pound to process hogs for which, in some cases, they had only paid 11½ cents. Surely the farmers should have received the subsidy. I suggest that the government take immediate steps to check and put a stop to these unfair practices, for one can see how such practices affect the purchasing power of the consumer and jeopardize the interests of the producers as well.

I am sure that all the farmer wants is to be allowed to sell his produce on the open market at a reasonable profit and buy his machinery and other necessities on the same basis.

Mr. J. A. Charlton (Brant-Haldimand): Mr. Speaker, I believe I would be voicing the opinion of many people throughout the country if I were to say that this has been the most disappointing budget we have had in a number of years. Of course there is very good reason for it: there is no election in the offing for at least the next year or so. We know that this year the government did not feel the budget had to be as attractive as it did last year.

The strange fact, however, is that while taxes were reduced on many luxuries, they were maintained on what we consider the necessities of life. For instance, I do not believe anyone would suggest that fishing rods, golf clubs and cameras are necessities. I am wondering why the government has taken this position. Could it be because this is the last budget the Minister of Finance (Mr. Abbott) will bring down, and that he might have wanted to help out some of his friends who like to go on fishing and hunting trips?

Mr. Cardiff: Probably the minister wants to go fishing.

Mr. Charlton: Yes, probably he goes fishing at times, too. It is true that the tax on tires and tubes was reduced by five per cent. But another strange fact is that there has been no reduction in the prices of new automobiles usually equipped with four or five new tires and tubes. Is the manufacturer absorbing this five per cent? Certainly it is not being passed on to the consumer.

The budget offers no relief for the unemployed; it offers no relief to industry or to the individual. I had intended to say a few words about agriculture, but I shall not speak at length on this subject because I shall have another opportunity to do so when the estimates of the Department of Agriculture are under consideration.

Many people in urban districts seem to feel that farmers are getting away without paying income tax. Some might be doing so—I am not prepared to say. But I can say, Mr. Speaker, that as a general rule farmers are not trying to get away with anything in connection with the filing of income tax returns. Some farmers have not made out income tax forms because they have felt they did not make enough to pay income tax. They did not feel they were making enough money to

bring themselves within the taxation brackets, and therefore they felt it was not necessary to complete the forms.

The policy now being followed by the income tax branch in demanding net worth statements from farmers who have not made out income tax forms is most unfair and unjust. Some of the inspectors—I will not say all of them—who have had nothing to do with farming during their lifetime are not very sympathetic. They seem to think the farmers are getting away with something. When they make out returns for a farmer they do not make any effort to consider his position favourably. I wonder how many members in the house would want to come into the house in the evening and make bookkeeping entries after working on a farm from six o'clock in the morning until six o'clock at night, out in the air all that time, and doing hard work.

It is not usual for farmers to do that sort of thing. Probably they keep a little notebook in their hip pockets and a short pencil, about two inches long, to do their bookkeeping; but when the inspectors come around to the farms and figure out an arbitrary assessment of a farmer's income the main thing they are looking for is what the farmer's living has cost him. I refer to that part of his living which he has taken off his farm. I have been told by many farmers that these inspectors wanted to charge them $2.50 for every chicken eaten in the farm home. I am sure that most hon. members would agree that that would be ridiculous. I have one case in my riding where an inspector insisted on charging $2.50 for every chicken that the farmer had eaten in his own home. Probably that is the retail price that the inspector would have to pay for a chicken if he bought it in the store, but that surely could not be any justification for charging the farmer at that rate.

I had a case a few years ago where inspectors wrote to various farmers in the district and advised them to meet the inspector some 30 odd miles from the farmers' homes, at nine o'clock in the morning in a hotel room. Although most farmers might make a special effort to get up a little earlier and to get through their chores by nine o'clock, certainly they could not very well drive 30 miles and be there at nine o'clock and take all their books with them. Then, if they missed one little item they probably would have to drive back 30 miles to pick it up while the inspector sat in the very comfortable hotel room waiting for the man to come to him. Those are some of the injustices carried out by some of the inspectors—I will not say all.

In view of the tax relief given by the government of the United States, it is reasonable to say that our manufacturers in this country are to be put to a further disadvantage in supplying both the domestic and the export market. I ask this question: Would anyone in this House of Commons expect a horse to go into a race with hobbles on him? That is exactly what this government is asking industry to do. It is hobbled with high taxation, and yet the government expects industry in this country to compete not only in the domestic market but in the export market as well, and I include agriculture.

Many of the manufacturers in foreign countries are working at much lower costs than we are, and even in many instances under controlled currencies at low levels which give them a further advantage over our industries here. The minister has admitted that some industries in the country are under distressed conditions. He has said, and I quote two small passages from his budget speech at page 3726 of *Hansard:*

> Until quite recently our industries have been protected more by external shortages than by our traditional tariff structure. This special form of protection is now disappearing, and some of our industries are finding that they have not watched their costs as carefully as they should, that their break-even points are uncomfortably high, and that their costs and prices are out of line.

A little further on in the same speech he said:

> The re-emergence of keen competition in trade means readjustment and reappraisal. It means a sharpening of pencils and a careful re-examination of managerial and labour efficiency. This is not an easy process, but it is a very necessary one, and the longer it is postponed the more difficult it becomes.

These words could be quite naturally directed right back at the government. Have they made any attempt to readjust their costs of government? Have they made any attempt at all to sharpen their pencils and to do a little soul-searching of their own efficiencies or inefficiencies in the administration of government? Not that we can see or find in this budget. I would suggest to the Minister of Finance that before he castigates industry and tells them to cut costs, this government should sharpen its pencils and do a little in that direction.

Take for instance the textile industry. The Minister of National Revenue (Mr. McCann) made it quite plain that he was not ready to assist that industry in any way other than by the passage of Bill No. 29. He made that statement before the textile union when they interviewed him. Is the textile industry necessary in this country or is it not? If it is

necessary in time of war, then surely to goodness it is equally necessary to keep it alive in times of peace.

Mr. Wood: How much bonus do they need?

Mr. Charlton: The hon. member will have his opportunity to make a speech after I am through, if he will choose to do so. The textile industry in this country, as the government well knows, is in very great difficulties. Many of the factories have closed down permanently. Many more are working a short week. There are four such industries in my riding all working on short time, and have been for quite some time, and yet the government refuses to do practically anything for them. In the event of another war, which heaven forbid, the textile industry would be one of the most important industries we have, because certainly in this country, or in any northern country, clothing has a very important part to play in any army.

The textile industry has employed over 100,000 people during the past few years. It is one of the largest employers of labour we have in Canada. I understand that today fewer than 80,000 people are employed in that industry, and even though 80,000 are apparently employed, many of them are working three days a week or less. Surely something more concrete can be done than has been done so far for this important industry.

Another industry that is under great stress is the agricultural implement industry, which is directly affected by the economic difficulties of the farmers across Canada. The government has spent much time making statements across the country about how valuable a large store of wheat is to Canada. That may be true; but, Mr. Speaker, if I had a dining-room full of gold bullion I could not buy anything with it until I sold it. The same is true of wheat. The wheat will buy nothing until it is turned into cash, and certainly the farmers in the west or in the east cannot buy the equipment of the agricultural equipment manufacturing concerns unless they have the cash to do so. I want to commend the labour organizations that brought the brief before the Minister of Trade and Commerce (Mr. Howe) some time ago. The U.A.W.-C.I.O. of Brantford were among them. I want to commend them for realizing just how important farmers are to their livelihood.

Cheap food and employment do not and cannot go together. If farmers cannot get a reasonable amount for their produce then certainly the employers who are manufacturing farming equipment will not be able to employ the workers to make these implements whatever the cost may be because the farmers are not going to be in a position to buy them. It would therefore seem that labour is finally recognizing the buying power held by the farming community. Farmers today are not buying because they are afraid to let go of the dollars they now have for fear of future prices.

Another industry affected is the electrical industry, and, of course, agriculture, as I pointed out before. Dealing with one case alone with regard to the agricultural industry I would like to draw to the attention of the house the recent importation of onions. I read a piece in the newspaper a week ago which recounted that 243 carloads of onions have been brought in from the United States and sold in this country compared with 17 carloads of Canadian onions sold here. Many tons of Canadian onions are being dumped and used as fertilizer while American onions are being brought in to compete against our own product. The same thing can be said as regards the peach growers, potato growers, celery growers, strawberry growers, tomato growers, and last but not least the dairy farmers of Canada.

Now, Mr. Speaker, there is just one other point I want to mention which has been brought out very well indeed by the hon. member for Oxford (Mr. Nesbitt). This was in regard to resident mutual insurance corporations. This was dealt with in item 6 as reported at page 3736 of *Hansard* on April 6 during the budget speech and reads as follows:

> For the taxation of a resident mutual insurance corporation, other than a life insurance corporation, as though the surplus arising from its insurance activities on and after January 1, 1954 were a profit from a business . . .

The remainder of the quotation has to do with non-resident mutual companies. As I have already pointed out, the hon. member for Oxford has set out the position in which these companies find themselves, and I fully concur with all he said regarding their difficulties. These companies were set up to help farmers who ordinarily could not obtain insurance from any other source for most of the bigger companies are in different fields and they do not wish to undertake farm risks. Again, these companies were set up more or less as co-operatives to help the farmers out, but in spite of the fact that they are trying to help themselves under difficult conditions it seems they will have to pay this huge income tax to keep from building up a surplus in their own companies.

I have had several telegrams and letters from such insurance companies in my own riding and in one case in particular the company's risks during the period 1941 until 1953

have risen nine times. Now, Mr. Speaker, it is very difficult for a company whose risks are increasing at that rate to build up the kind of surplus referred to by the hon. member for Oxford and which is necessary under an act of the Ontario government. In the case of a risk which is greater than $25 million they have to have a reserve of 60 cents for every $100 carried, and that increases to one dollar on a risk of $2 million, so that one can well understand how difficult it is for these smaller mutual insurance companies to carry on paying income tax on their earned surplus and at the same time be able to build up a surplus sufficient to comply with the Ontario government act.

I do not feel it is necessary for me to go over many of the points raised earlier, but I concur with the remarks made by the hon. member for Oxford and the hon. member for Perth (Mr. Monteith) in this regard, and I believe the government should reconsider their position with regard to these mutual insurance companies. The supreme court passed a ruling last year and this budget apparently affects that ruling.

There is one other thing I wish to deal with for a moment and that is to commend the work carried on by the Grand valley conservation authority, and also the Grand river anti-pollution committee. In addition, I would like to commend the government for reducing the taxation on equipment being purchased by municipalities by 10 per cent, and I would like to suggest that they go a little further and aid the municipalities along the Grand river who are now dumping raw sewage into the river and creating extremely unhealthy conditions. It is entirely unfit for children to swim or bathe in the river. It is now getting to the point where fish being taken from the Grand river at its mouth are being refused by dealers in New York and Montreal because of their flavour. That means a great deal to fishermen who depend on these fishing grounds for their living. It meant as much as $1,500 in two weeks for one fisherman down there so one can readily see how great this problem is. It is difficult for these municipalities to carry the burden of this sewage disposal without some assistance. I know there have been many resolutions forwarded both to the provincial and the dominion governments, and I would ask this government to consider giving assistance in some way in conjunction with the provincial government so that they can develop sewage disposal plants in the cities and towns along the river where the pollution is so great at the present time.

As I pointed out before, the children are being deprived of their swimming and the odour is terrible along the river especially at the lower end. The town of Dunnville has to depend on the Grand river for its water supply in the same way as the city of Brantford and other towns. It will cost a tremendous amount of money for the cities to put in these sewage disposal plants and I would urge this government to co-operate with the provincial government in granting money to deal with this problem.

(Translation):

Mr. Raoul Poulin (Beauce): Mr. Speaker, I wish to take the opportunity afforded me by this debate to make a few more brief comments on a matter I have already discussed on various occasions in this house, that is the production and sale of margarine in Canada.

I do not intend to pose as a prophet or as a Mr. I-told-you-so; nevertheless, even if it seemed utopic during some years to defend, on the floor of the house, the dairy producers against margarine producers, those who did so, and I was not alone in doing it, had at least a foreboding of what is taking place today. And what is happening now—official statistics are there to prove it—is that butter consumption has decreased in Canada since the introduction of margarine, that is since about 1948.

I wish to quote official figures from a pamphlet published by our national dairy council.

According to those statistics, 370 million pounds were consumed in Canada in 1948. In 1953, that is five years later, the consumption had declined to 328 million, or 42 million less, or a decrease of 11 per cent. On the other hand, the same statistics inform us that the butter consumption of our population was 28·7 pounds per capita, whereas it fell to 22·2 per capita in 1953, which is a decrease of 6·5 pounds per capita, or 23 per cent. This is a substantial decrease both in total and per capita consumption.

Moreover, we have today, in stock, at the beginning of the butter-producing season, the highest surplus we ever had. The quantities of butter now held by the government, thanks to its excellent butter-purchasing policy, amount to approximately 30 million pounds. If we add to this the quantity held by private individuals, we arrive at an approximate figure of 45 million pounds at present in stock in this country. And this at the very moment when the new production is arriving on the Canadian market.

I do not hesitate to say that this creates, to my way of thinking, a dangerous situation for the 445,000 dairy farmers of this country and also for the majority of Canadian workers. I will be asked, and quite rightly so, how it is that an overproduction of butter can constitute a threat to the workingman in this country.

The answer to this seems quite simple. Two million people in Canada live mainly from dairying. That means more than two million people who consume those things manufactured by the workers of our towns and villages. And these people, I must add, are no ordinary consumers. If we compare the amount devoted to the purchase of consumer goods in the case of the workingman on the one hand and in that of the farmer, on the other, we will find that in the latter case, this amount is enormously larger. As it happens, not only does the farmer consume personal goods such as clothes, food, household equipment, automobiles, etc., but he is also a large purchaser of articles for farm use: agricultural implements, chemical fertilizer, prepared feeds, drainage equipment, building materials, etc. It is therefore no exaggeration to state that the most important consumers in this country are the farmers.

We find there the economic explanation of the fact that every time the agricultural industry is having trouble in Canada, almost immediately we are faced with demoralizing unemployment among the labouring people of our cities. It has been so during the economic depression of 1929-1939; the same thing has happened again during the past few months, although on an evidently much reduced scale.

Farm incomes started to decrease in 1952 and they have fallen again in 1953 and, that same year, our country began to feel the impact of unemployment. I would like to quote here official statistics, which surely cannot be contested because they are taken from the *Votes and Proceedings* of the House of Commons, No. 85, of April 5, 1954. On page 8, in table 3 entitled "Sources of personal income", I find that in 1952, the income of farm operators decreased by 11 per cent from the preceding year, while in 1953, the income of the same category of people decreased by 14 per cent in comparison with 1952. Therefore, if we add those two percentages together we see that, all in all, in 1952-53 their income decreased by 25 per cent, compared with 1951.

However, during that period, the income of the workers did not go down. On the contrary, if we return to the same table, we see that during the same years, that is 1952 compared with 1951, the income represented by wages and salaries increased by 11 per cent, and if we compare 1953 with 1952, from that point of view, that income increased again by 2½ per cent, so that, if we add together again those two percentages represented by the increases which took place during 1952-53, with regard to income from wages and salaries, we find that, while the income of farmers was decreasing by 25 per cent, the income of workers, that is of those who were receiving wages or salaries, increased by 13½ per cent.

Mr. Speaker, could you call it ten o'clock? *(Text)*:

On motion of Mr. Poulin the debate was adjourned.

BUSINESS OF THE HOUSE

Mr. Harris: Mr. Speaker, tomorrow we shall continue this debate. If it is concluded, we shall take the bill having to do with the Vocational Training Co-ordination Act, then the one in connection with the Research Council Act, then the one having to do with the Opium and Narcotic Drug Act, and then the resolution standing in the name of the Minister of Finance (Mr. Abbott) with respect to crown corporations.

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

HOUSE OF COMMONS

Tuesday, April 27, 1954

The house met at 2.30 p.m.

AIR TRANSPORT

MODIFICATION TO CANADA-UNITED KINGDOM AGREEMENT

On the orders of the day:

Mr. R. R. Knight (Saskatoon): Mr. Speaker, I notice that the Minister of Transport (Mr. Chevrier) is not in his seat, but if his assistant will take this question as notice I shall be very pleased. In view of the discussions held in Ottawa from April 12 to 14 with representatives of the United Kingdom government on the subject of possible modifications to the Canada-United Kingdom air transport agreement, is the government now in a position to indicate what changes, if any, will be made in this agreement?

Mr. Maurice Bourget (Parliamentary Assistant to the Minister of Public Works): Mr. Speaker, in the absence of the Minister of Transport and his assistant (Mr. Langlois, Gaspe) I shall take this question as notice and inform the minister.

TRANS-CANADA HIGHWAY

CONSTRUCTION THROUGH BANFF NATIONAL PARK

On the orders of the day:

Mr. C. E. Johnston (Bow River): Mr. Speaker, I would like to direct a question to the Minister of Public Works. Does the federal government plan to continue the construction of the trans-Canada highway through the Banff national park throughout the year 1954? If so, how many miles will be completed in the year 1954? Secondly, how long will it take to complete the trans-Canada highway through the Banff national park?

Hon. Robert H. Winters (Minister of Public Works): Mr. Speaker, unfortunately I did not receive notice of this question until this moment, so anything I say will be from memory and subject to correction. We do intend to do some work on the Banff national park trans-Canada highway this year, but hope to do a larger amount of it in the Yoho park at the western end. As to the length of time it will take to complete the trans-Canada highway through the Banff national park, we intend now to complete it by the termination date of the agreement which will be December 9, 1956.

[*Later:*]

INQUIRY AS TO EXTENSION OF TIME FOR COMPLETION

Mr. M. J. Coldwell (Rosetown-Biggar): Mr. Speaker, I would like to direct a question to the Minister of Public Works following the question put by the hon. member for Bow River (Mr. Johnston). Has any understanding been arrived at regarding an extension of time in which the provinces may complete the trans-Canada highway? In other words, must they complete their part of the trans-Canada highway by 1956?

Mr. Winters: Mr. Speaker, the legislation passed by parliament provides for termination by December 9, 1956, and there is no authority beyond that date. That is the only position I have been able to take in discussing this matter with the provinces.

BUSINESS OF THE HOUSE

INQUIRY AS TO FURTHER LEGISLATION TO BE BROUGHT DOWN

On the orders of the day:

Hon. George A. Drew (Leader of the Opposition): Mr. Speaker, in view of the fact that before the Easter recess the Prime Minister indicated that he would inform the house, when we resumed, what new business might be brought before us, I would ask the Prime Minister if he is now ready to tell us what new business the government proposes to introduce.

Right Hon. L. S. St. Laurent (Prime Minister): No, Mr. Speaker. I am meeting with my colleagues on Thursday and we will be going over the list of matters that are apt to be considered, and I hope shortly afterwards to be able to make a full statement to the house.

SUPERANNUATED CIVIL SERVANTS

REQUEST FOR STATEMENT ON PURPOSE OF SURVEY

On the orders of the day:

Hon. Douglas Abbott (Minister of Finance): Mr. Speaker, yesterday the hon. member for Notre Dame de Grace (Mr. Hamilton) asked

a question concerning a questionnaire sent out to some 20,000 superannuated civil servants. I promised I would inform myself on the matter and give an answer today.

The purpose of the questionnaire was to obtain information on three points: (1) Whether civil service pension cheques are being sent out in the name of people who are not now alive; (2) whether any civil servants who were pensioned because of disability are now re-employed; and (3) whether any pensioned civil servants have since been re-employed in the public service.

The questionnaire was briefly worded, and apparently some misunderstanding has arisen. The only purpose is to obtain information required for the proper administration of the superannuation act.

As to the first question, some envelopes containing the questionnaire are coming back marked "Address unknown", whereas the envelopes containing the pension cheques are not being returned.

Information on the second point is necessary because, under the act, civil service disability pensions are suspended if the pensioner recovers to the extent that he can resume duties comparable to his former duties.

In the case of the third question, it may be to the advantage of the retired civil servant if his new salary, plus his benefits, exceeds the salary at which he left the public service.

BUTTER

REPORTED HOLDING OF ADULTERATED PRODUCT BY GOVERNMENT

On the orders of the day:

Mr. L. E. Cardiff (Huron): Mr. Speaker, I would like to direct a question to the Minister of Agriculture, following a report I read in a newspaper yesterday in regard to the government holding several thousand pounds of adulterated butter. Has the minister any comment to make on that report?

Right Hon. J. G. Gardiner (Minister of Agriculture): Mr. Speaker, I understand that the government is not now holding any adulterated butter.

Mr. Fulton: What did you do with it?

[*Later:*]

Mr. Fulton: May we ask the Minister of Agriculture what disposition the government made of the adulterated butter, and how much there was of it?

Mr. Gardiner: The butter which we had and which, according to our information, was adulterated, was taken back by the persons who delivered it to us; and they paid back to us the money which had been paid to them.

Mr. Knowles: And what are they doing with it?

RAYMOND ARTHUR DAVIES

INQUIRY AS TO POSSIBLE DEPORTATION

On the orders of the day:

Mr. W. M. Hamilton (Notre Dame de Grace): Mr. Speaker, I wonder whether the Minister of Citizenship and Immigration can tell us whether the government plans to deport Raymond Arthur Davies, recently convicted of passport fraud, at the conclusion of his two-year sentence, and if so, to what country.

Hon. W. E. Harris (Minister of Citizenship and Immigration): Mr. Speaker, as I understand the case, Mr. Davies indicated that he might or might not appeal. I am not sure what has happened in that respect, but in any event this department would not be officially notified of his conviction until he entered prison. If he does that, we will learn of it and a board of inquiry will be held at that time in order to determine whether or not he should be deported.

TRADE

RUSSIA—REPORTED OFFER TO PURCHASE BARLEY

On the orders of the day:

Mr. H. A. Bryson (Humboldt-Melfort): I should like to direct to the Minister of Trade and Commerce (Mr. Howe) a question of which I gave him notice. In his absence perhaps his parliamentary assistant could answer it. Would the minister care to comment on a recent press release regarding a Russian offer to buy three million bushels of Canadian barley?

Mr. J. H. Dickey (Parliamentary Assistant to the Minister of Defence Production): In the absence of the minister I shall have to take that question as notice. I will draw it to the minister's attention.

THE BUDGET

ANNUAL FINANCIAL STATEMENT OF THE MINISTER OF FINANCE

The house resumed, from Monday, April 26, consideration of the motion of Hon. Douglas Abbott (Minister of Finance) that Mr. Speaker do now leave the chair for the house to go into committee of ways and means, and the amendment thereto of Mr. Macdonnell.

(Translation):

Mr. Raoul Poulin (Beauce): Mr. Speaker, in the course of my remarks, yesterday, I showed that butter consumption in Canada had considerably declined since margarine was put on the market, and that available butter stocks are now the largest in our history; this jeopardizes to a considerable extent the position of our farmers, and in consequence, that of our working people, because the rural classes are the main consumers of manufactured goods.

I stated moreover that in 1952 and 1953, the farm income decreased by approximately 25 per cent, while the income of wage earners increased by about 13½ per cent. I also said that the decline in farm income generally raises the depressing ghost of unemployment. It therefore seems hardly an overstatement to say that the surest means of maintaining employment at a reasonable level would be to bolster the purchasing power of our farming people, even if the workmen had to make certain sacrifices to this end; it would, indeed, be better for a workman to eat butter—even costly butter—and work, than to consume cheaper margarine while unemployed.

Let us not, besides, labour under any delusion. If ever the day comes when margarine producing companies no longer have to fear any competition from butter, we will see the price of their product rise to fantastic heights. I am sure in my own mind that our good working people will have already understood the essential difference between those methods which are used to fix the price of butter and those used to fix that of margarine. In the first case we have 450,000 small producers who will never be in a position to unite closely enough to have any serious influence or any measure of control over the market, whereas in the second case, we have a few large and powerful companies which will always find some way, in spite of anti-combines legislation, of doing away with competition and of selling at exorbitant prices. Workers will then realize, though a little too late, that they have been victimized on two levels at once.

That is why I wish to state quite plainly that in defending the vital interests of the dairy producers, I am at the same time defending the higher interests of the working class. One way, to my mind, of protecting the dairy industry against the flood of margarine would be to levy an excise tax on the sale of the latter product. It is a rare event, indeed, to see members of parliament suggesting the imposition of a new tax. But, at the present session, we will have seen and heard everything. I would like to mention in this connection that several agricultural organizations in the county of Beauce have advocated such a measure. I have been the recipient of a number of resolutions adopted at meetings of co-operative unions.

Other groups have sent me delegations of their officers. And here are the names of some parishes whose professional farm groups have deemed it appropriate to take a definite stand on the matter: St. Gedeon, St. Martin, St. Pierre, St. Honore, Ste. Marie, St. Ephrem, St. Victor, St. Benoit, and a few others, the names of which I have not here.

If I add to that the hundreds of representations I have been receiving for some years, concerning that same problem considered from a different angle, I do not hesitate to state that the farming class as a whole, in the riding I represent here, urges the government to rid the market of a product which, as I said, constitutes a serious danger to the welfare not only of the farming class but of the working class as well.

Since I am dealing with the problem of butter and margarine, I would be unfair if I did not pay tribute to the government and to the Minister of Agriculture (Mr. Gardiner) for the general policies they have put forward in the past few years in that respect. I believe that the butter price support program has been an excellent thing. It has protected the dairy producer and enabled him to sell his product at a reasonable price, even if that price is still lower than it should be. The main result however has been to prevent the scandalous state of affairs that prevailed during the winter of 1951-52 when urban workers, for instance, had to pay 80 cents, 90 cents, or even $1 for a pound of butter. I remember very well mentioning the fact in the house and urging the government to take the necessary measures in order to prevent a repetition of such a scandal. Once more I declare I would be unfair if today I did not express my humble thanks to the Minister of Agriculture and to the government. However, it may also be my duty, since I had some congratulations to offer, to take that same government to task in respect to a certain aspect of the problem of margarine, which I raised a few moments ago. During the past few months, on three or four occasions, I have asked the government a few questions in the house in an endeavour to

establish if the government and its experts really believed that margarine is a product comparable in quality to butter.

Unfortunately, I must say that I did not receive a satisfactory answer. The last question I asked was as follows:

1. In taking as a basis of comparison butter and margarine sold by dealers in Canada, is the nutrition division of the Department of National Health and Welfare in a position to state which of these two products has the greater food value?
2. If so, which product?

I thought that my question was clear enough, well enough put, for our offsprings are always dear to us, but I did not receive a satisfactory answer. I have here the answer and I quote from page 4070 of the *Hansard* of April 14, 1954:

1. No, because sufficient analyses of butter and margarine as sold in Canada are not available in the files of the nutrition division.
2. See answer to No. 1 above.

That means—it is at least the conclusion I am drawing—that the government does not hold on this subject a clear, definite opinion. I wonder then how it happened that the nutrition division of the Department of National Health and Welfare published, during 1953, what I would call a book of recipes for cooks having to serve meals to large groups of people.

Mr. Speaker: Order! I apologize for interrupting the hon. member.

(Text):

May I ask hon. members to converse in more moderate tones. They seem to be competing with the voice of the hon. member who is speaking and it is very difficult for me to hear. I always like to listen to speeches by hon. members and I would appreciate it if hon. members would observe silence.

(Translation):

Mr. Poulin: I thank you, Mr. Speaker, for coming to my rescue. I admit quite humbly that I had trouble hearing myself.

Well, if one goes through this publication issued under the authority of the Department of National Health and Welfare, one finds that in exactly 122 recipes, it is advised to use either butter or margarine. If the government is not in a position to give us a comparative statement of the food value of butter and margarine, how is it that in this publication, in 122 different places, the use of either butter or margarine is advised; they are on an equal footing, on exactly the same basis.

I do not want to prolong unduly my humble remarks on this matter, because I would now like to say a few words about another problem which is no less interesting.

In the few minutes I have left I would like to make some remarks on a matter about which I spoke here on March 23 last. It is also a matter about which the Minister of Finance (Mr. Abbott) spoke rather at length in his budget speech of April 6 last. I have in mind the deductibility of the new Quebec provincial tax from the amount of the federal income tax.

Owing to the importance of this matter, I shall strive to avoid any word or to take a position which might offend those who do not share my humble opinion on this matter.

Speaking in the house yesterday, the hon. member for Bonaventure (Mr. Arsenault) stated textually as follows, and I quote *Hansard* at page 4120:

—since the money levied by the Canadian government, under its taxation legislation, is its own property, nobody has the right, through a provincial law or otherwise to prescribe that part of this money which is the Canadian government's own personal property, shall be, without any agreement to this effect, diverted to the benefit of a province, whatever the motives may be.

Mr. Speaker, there has been no attempt made on the part of the province of Quebec, through its bill No. 43, to take any money belonging to the federal government. In my humble opinion such a statement is absolutely contrary to facts. According to the terms of its legislation the province of Quebec is simply requiring its own taxpayers to pay, in a clearly defined fashion, certain sums of money which it will then use for equally well defined provincial purposes.

That, briefly, is the essential meaning of that act. It being so, who could really claim that the province of Quebec wishes to convert to its own purposes moneys rightfully belonging to the Canadian government? The province of Quebec is merely exercising a right in taking what it is entitled to take. I doubt very much if anybody here, in this house, would deny it that right. As a matter of fact we have not heard any member or any minister speak to that effect. The member for Bonaventure himself recognizes that right. He is reported on page 4119 of *Hansard* as having said:

We of the Canadian parliament are the first to recognize the right of the province of Quebec, and of any other province, to direct taxation.

That quotation flagrantly contradicts the one I mentioned a while ago; and yet the latter is from the same member and appears at the same page of *Hansard*.

But I will go further. The province of Quebec, under section 92 of the British North America Act, may exclusively—to use the exact term found in the language of the act —make laws in relation to matters coming within the classes of subjects next hereinafter enumerated. And, under subparagraph 2, I quote again:

Direct taxation within the province in order to the raising of a revenue for provincial purposes.

Brilliant lawyers, there are many of them in this chamber and I recognize their talent, will attempt no doubt to demolish my humble arguments. Will they be kind enough to tell me what the word "exclusive" does mean in the aforementioned text, apart from suggesting clearly that, in provincial matters, not only has the province of Quebec equal rights, parallel rights, as the member for Bonaventure put it, but that it has priority over the federal government?

But the province of Quebec is not so exacting, Mr. Speaker. Far from diverting to its own benefit funds belonging to the federal government, it merely asks that government to amend an existing federal statute, under which the central authority comes and collects from provincial taxpayers moneys that are exclusively theirs according to section 92. Neither does the province ask to recover the total funds to which it is rightfully entitled, but only that part it has the unquestioned authority to collect under the terms of that very section 92.

This was answered by the hon. Minister of Finance in his budget speech. I am now quoting what he said as recorded in *Hansard* of April 6, page 3732:

If a credit up to 15 per cent of the federal tax were accepted, it would appear to be difficult in principle to later deny full credit for, say, a 30 per cent, a 60 per cent or even a 100 per cent provincial tax.

I must admit, Mr. Speaker, that I am not very much impressed by this argument. The hon. minister said that "it would appear to be difficult in principle to later . . ." But, though that principle is now confirmed by the present deduction of 5 per cent, the government does not, in practice, feel bound by the rule recognized in the 5 per cent section. It remains within the limits of its authority—if not its rights—so long as the majority in this house supports its claim. Though deduction was, in principle, introduced by the federal government, this government is now, in practice, able to refuse a deduction of 15 per cent; why should it not be even more able to refuse 30, 60 or even 100 per cent should such action prove advisable?

The federal parliament is always free to do as it pleases, and, if it seems now relatively easy for it to refuse a small exemption, how much easier it will be later on for them to turn down requests which might appear even more exorbitant.

They are taking the Quebec government to task for not having consulted the federal government with a view to coming to an agreement before enacting its legislation. When it came to adopting section 33 of the Income Tax Act, with which the provinces are directly concerned, were the provinces consulted? No, unless I am mistaken. Since it is at least recognized that the provinces hold with the federal government equal rights in that field, why is it that one of those two partners having equal rights should not legislate in a field in which the rights of the other are concerned, while the latter could do it with impunity? One law for one's friends and another for one's foes, some might think. Not even that, but rather the deeply rooted conviction in the mind of certain legislators that the provinces are institutions which are inferior to the federal government, that they owe the latter their right to exist and, consequently, come under its sway.

And yet this statement is the exact opposite of the truth. It is the federal government which owes its existence to the provinces. Without them it would never have come into being. It is of course true that it now has well defined rights which the provinces have neither the capacity nor the right to take away from it, but these rights are limited to those which the provinces agreed to hand over when, through mutual consent, they established this compact from whence sprung the federal state. The hon. member for Bonaventure adds, at page 4121 of *Hansard*:

It is often repeated—many things are said—that Ottawa draws $300 million in personal income tax in the province of Quebec.

It is never said however that Ottawa gives to the province of Quebec, through old age pensions, family allowances, pensions for the blind and subsidies to help the building of hospitals in Quebec, over $200 million per year. It is never said however that the $300 million received by Ottawa from personal income tax in Quebec is not even sufficient to cover the large amounts generously distributed by the federal government in Quebec by way of pensions, allowances, unemployment insurance benefits, public works, grants of all kinds for the maintenance of its various services.

The least that one could do would be to recognize that what Ottawa draws in taxes from Quebec with one hand it gives generously with the other hand to the people of Quebec.

Mr. Speaker, I am asking, in all sincerity, whether the hon. member for Bonaventure has well weighed his words, has given careful thought to the matter, before uttering them. Does he claim seriously that Quebec receives more money from Ottawa than it gives it? Would he have the house believe that the federal government gives more to Quebec than it receives from it? Has he not perchance forgotten to add to the $300 million paid by Quebec taxpayers the millions the latter pay to Ottawa under other headings? What about the excise tax, the federal sales tax, customs duties, postal fees, trade permits, etc. He repeats, to use his own formula, that Ottawa collects $300 million in Quebec on personal income tax, but he does not repeat enough that it directly or indirectly collects many other taxes under the headings I just mentioned. If Quebec receives from Ottawa at least as much as it gives in return, this province is therefore a poor relation within the Canadian confederation; in this case, the surplus wealth of other provinces should be offered it as a gift.

But as things are, it is the opposite argument that is invoked by the hon. Minister of Finance and the hon. Minister of Northern Affairs and National Resources (Mr. Lesage), when they refuse to admit the deduction claimed by the province of Quebec. These gentlemen pretend that the fiscal agreement policy is based on the recognition of the principle that part of the federal revenue is to be distributed to the poorer provinces. Quebec, they say, is a wealthy province—on this point they are right—and must therefore accept the agreement policy in order to assist the less fortunate provinces. The hon. member for Bonaventure will doubtlessly have to meet the two ministers, whom he commended warmly yesterday—not without ground—and harmonize his views with theirs; otherwise the taxpayers will think—and rightly so—that unity does not yet exist within the great Liberal family, and that all its members are not of one view with regard to an issue of such great importance at the present time.

The hon. member for Bonaventure also claims that the problem is a purely financial one, bearing on the allocation of taxes. Mr. Speaker, I beg to differ completely on that point. That fiscal problem, that question of taxes raises the entire question of provincial autonomy. Since I spoke at length on that particular subject in the house on March 23, I shall not restate my arguments for fear of boring the house. I shall be content to say that the great majority of the population of Quebec is apprehensive, and reluctant to accept various subsidies which are sometimes given the appearance of a gift. They remember the old saying: He who pays the piper calls the tune.

Need I repeat here, for the third or fourth time within five years, that personally I have no fear whatever—and I say so sincerely and emphatically—that the men who now make up the present government at Ottawa may encroach upon fields that come within the sole jurisdiction of the provinces, nor would I fear such action on the part of a government that may eventually be formed from within the ranks of those who now make up the official opposition. However, I have the right to ask myself what the future may hold for us in that field.

When our children in the province of Quebec have taken our place and formed a new link in the chain that links most of us, through the centuries, to the first settlers who opened our country to civilization, what kind of men will then be at the helm of our country? Nobody knows. In spite of what the hon. member for Bonaventure may think, are we quite sure that the problems pertaining to racial, religious and educational matters will be solved in conformity with the indefeasible rights of the French-speaking people of Canada? Whoever is aware of certain sad happenings in the history of his country, and more particularly of its contemporary history, may wisely entertain some doubts.

Mr. Speaker, the elaborate and very interesting speech made by the hon. member for Bonaventure (Mr. Arsenault) will have had at least one merit, that of calling the attention of the house to a suggestion which it is the duty of the federal government to consider seriously, if that government is sincere in rejecting the request made by the provincial government. For my part, I shall simply declare that its acceptance would deprive a provincial government of its freedom of choice between the various fields of direct taxation which were granted to the provinces by our constitution.

(Text):

Mr. J. E. Brown (Brantford): Mr. Speaker, I have only a few brief remarks to make in this debate. There is no doubt the Minister of Finance (Mr. Abbott) would have made himself very popular if the personal income tax or the corporation tax, or both, had been reduced substantially this year. Naturally,

all of us would welcome any prospect of reduced taxation. But, so far, no one has indicated where appropriations could be cut. For example, I have not heard any suggestion from anyone that we cut our defence expenditures at this time—expenditures that consume over 40 per cent of our tax dollar. Nor do I believe that any responsible critic of the government would dare suggest that we trim down our defence expenditures at this time.

Neither do I hear any serious suggestion of reducing the amount set out in the budget for social services. Liberal administrations over the past twenty years or more have built up a comprehensive plan of social welfare, establishing a basic national minimum of social security across Canada. It is a plan that is admired throughout the world. Surely no one will suggest that this long-range plan be interfered with, or that it be diminished in either scope or extent.

One thing that has impressed me since coming to Ottawa has been the activity of the Department of National Health and Welfare. The immensity of the measures taken by the federal government to provide hospitalization and health facilities across Canada, even in the most remote centres, has been an inspiration to many of us who are now in the house at this session for the first time. The record of the government and, in particular, of the Department of National Health and Welfare, ought to be a source of pride to every Canadian. There is not a home in Canada that has not benefited, and benefited to a large extent, from the huge grants made by the federal treasury for the construction of hospital and health centres across the country.

I would be very much opposed to any attempt to curtail or to restrict in any way these facilities, or any effort to lower our standards. I feel sure, too, that any such move would be opposed by the great majority of members in the House of Commons.

How, then, are we going to cut taxes? Are we going to begin deficit financing? Would anyone suggest that we move away from the method of financing that has been adhered to by this government over many years? I believe the Minister of Finance holds an invincible record of achievement in balancing budgets over many years, and in having been fortunate at the same time in reducing substantially the national debt. Indeed there are many who express the hope that eventually the national debt may be wiped out altogether.

I am convinced that, with the exception of a few grumblers, in their hearts the people of Canada salute the Minister of Finance and this government for the brave, efficient and careful manner in which they have tackled and are now tackling the financial problems of this country. When I was back home during the Easter recess I found the people still talking about the Prime Minister's world tour. They have expressed their deep admiration for his having undertaken this extensive trip abroad, spreading, as he did, the spirit of good will that Canadians have towards the divers peoples whom he visited.

The people of Canada are very much interested in the peoples of India, Pakistan, Ceylon and other nations in that part of the world. In considerable measure this is due to the long and close association between ourselves and these various nations of the British commonwealth. I find that there is widespread satisfaction that the Prime Minister visited some of the great countries in Asia, as an expression of the feeling of brotherhood and mutual understanding that exists and has existed over a long period of years between the people of Canada and the peoples of these lands.

Accordingly I desire to express the hope that the government will give the most careful study and consideration to developing and extending our participation in the Colombo and other plans, to assist in every possible way in raising the living standards of the peoples in these countries. It would seem that there is very much that we can do, and I would urge that every means possible be taken to cement our good relations with these nations of the commonwealth, and with other friendly nations of the East.

I understand that last year we contributed $25 million to the Colombo project. I would be in favour of substantially increasing this technical and material aid, after the government has had time to discuss measures in detail with those who are responsible for implementing the plan. I should imagine that a great deal by way of further technical assistance in the fields of agriculture, transportation and public utilities would be very much welcomed in the East at this time.

For example, could we not furnish a goodly supply of agricultural tools, implements and equipment suitable for use in the East, as well as a further supply of trucks, buses and other vehicles of transport? Probably this was one of the many subjects discussed with the leaders in Pakistan and with Mr. Nehru during the Prime Minister's visit.

Of course, any large-scale assistance would mean heavier taxes here in Canada. It simply could not be done without in some measure increasing the tax burden; but I believe the majority of people would favour doing this, taxes or no taxes. I find that the average intelligent working man or

woman is quite prepared to pay taxes in return for increased security from unemployment. I believe that an intensive program of technical and material aid to commonwealth and other friendly countries in the East might help substantially to ease the unemployment situation that exists in some centres, including my own historic city of Brantford. I am quite certain—indeed I have no doubt—that I could carry my constituency on a program of expanded aid to eastern nations. I have reason to believe that the labouring people of Brantford as a whole would support it, and also the farmers and a substantial proportion of the remainder of the electorate. They would like to see the Prime Minister's good will visit backed up by a long-range program of assistance in developing countries in areas of the world that have been suffering for generations from a depressed standard of living. If we can, let us be of real assistance to our friends in the East. I am sure they need and would welcome our help just now, and it would be a way in which we could demonstrate our feeling of brotherhood toward the inhabitants of the several great nations that have been grouped together for so many years in our commonwealth.

The Christian heritage alone of this land impels us, Mr. Speaker, to set a real example of sharing some of our material prosperity with those less fortunate in this regard, but who probably are every bit as, if not more, sensitive to spiritual values. In other words, I should like to see the Prime Minister's trip followed up at this time by a plan in which the people of Canada as a whole could participate. The expressions of good will that have been advanced by the Prime Minister in Asia represent, I am sure, what is in the hearts and minds of the men and women whom I represent, and I venture to say that the people of Brantford are typical of the people of Canada.

For a long time my constituents have recognized the merits of the government's long-range domestic program, or else I would not have been elected to this house; but I believe they are now prepared to have Canada give a little leadership in a new field of endeavour, a field worthy of the very best that is in us, of developing the peaceful arts in many friendly nations, particularly those with whom we are united in the commonwealth, and of aid that is consistent with what we should like in our hearts to see accomplished in the vast and intensely interesting continent of Asia.

(Translation):

Mr. J. W. Dufresne (Quebec West): Mr. Speaker, on April 6 last, the house assembled

[Mr. Brown (Brantford).]

to hear the first budget speech of this twenty-second parliament.

The Minister of Finance (Mr. Abbott), having announced with a sigh of relief that he was submitting the last budget of his political career, acted in such a way as to leave with the Canadian people and more particularly with those of the province of Quebec a souvenir that will never fade and which I shall later qualify in the appropriate terms.

The government of the province of Quebec, having taken concrete steps, that is having enacted legislation in order to regain the powers granted it under the British North America Act, the Minister of Finance deemed it advisable to devote an important part of his speech to that firm and energetic attitude of the Quebec government. At the same time the latter requested the right of deducting from the federal personal income tax the amount of the new provincial tax.

That night, all the people of Quebec were listening, and awaiting anxiously the reply of the federal government to the request made on their behalf by the provincial government which enjoys the full confidence of the people under its jurisdiction.

The Minister of Finance, with that arrogance he alone can display, in stating the policy of centralization of a government which has been already too long in power, was evidently pleased and extremely satisfied to announce that the taxpayers of the province of Quebec shall pay from now on a double tax in return for their love of their province and the protection of its autonomy.

That statement of the Minister of Finance and his blunt refusal to grant the legitimate request of the Quebec government, or rather of the people of Quebec, were met by a thunder of applause from the benches of the subservient Liberal members from Quebec. As I was put out of countenance, though little surprised, by the unheroic attitude of the Liberal members from Quebec, I felt ashamed for them, and it is with a heavy heart that I felt myself forced to leave this chamber.

Mr. Speaker, we are faced here with a problem which might have very serious consequences, and we should not deal with it lightly, or in a partisan spirit. This question must not be considered as a political one and treated as such. It is well above that level, for the maintenance of good will between all Canadians and of sound national unity are at stake.

Let there be no mistake about this. Any attempt made to deprecate the true patriotism which marks the Hon. Maurice Duplessis

and to condemn him in the eyes of the other citizens of this country must necessarily mean condemnation of each and every citizen of the province of Quebec who will thus be subjected to this double taxation.

The premier of Quebec is by no means personally concerned in all this business. He is but the representative and the mirror of a whole group of people who remain true to the confederative compact and are jealously on guard to preserve their rights and prerogatives. He is merely protecting the interests of those who, in three successive general elections, have requested him to act as their spokesman and defender in the upholding and recovery of rights which are truly ours and which, as had been promised, would be returned to us in their entirety once the last world conflict had come to an end. In this field he is also continuing to uphold the autonomist policy so often attacked but so brilliantly defended by great Liberal chieftains, such as Messrs. Gouin and Taschereau, to name only those two.

What a striking contrast, Mr. Speaker, between the centralizing Liberal party of today and the one which was led by Sir Wilfrid Laurier, that earnest autonomist whose memory they are about to perpetuate in the very city of Quebec by the erection of a monument.

Sir Wilfrid Laurier as well as Sir John A. Macdonald knew themselves that the Canadian confederation is a sacred pact between the two major groups of Canadians who laid together the foundations of this young country and who both contributed to its expansion and development.

And to the centralizers who think they are indispensable to the management of Canadian affairs, I shall recall that word of a great Canadian, of one of those who largely contributed to the realization of the Canadian constitution, Sir John A. Macdonald, when he declared:

> In this country there is no superior race, no vanquished race; there are only Canadians with equal rights.

I shall also quote to the government a statement made one day by Sir Wilfrid Laurier who proved thereby his great comprehension of the confederative pact and showed unequivocally his respect for provincial autonomy.

Sir Wilfrid said:

> There are but two minorities in the Canadian confederation, a minority of race and a minority of religion. To give to the central power, where the majority of race and of religion is found, the authority to encroach arbitrarily upon the jurisdiction of the provinces, is to destroy the legislative independence of the provinces and to make it but an illusion and a mockery.

> As a matter of fact, the cause of all the unrest that has upset our young confederation at different times has always been one and the same; it has always been the attempt by the central authority to encroach on provincial prerogatives.

These words of Sir Wilfrid Laurier are strikingly true nowadays. And when looking at those who claim to be his political followers, one is inclined to think that they should be ashamed to do so.

If the right hon. Prime Minister (Mr. St. Laurent), the hon. Minister of Finance and all those who now form the government would take their inspiration from the United Nations charter, they would find therein a section providing that any aggression by the strongest government against the weakest must be punished.

When people in Quebec are asked to abandon their rights, to give up their principal sources of revenue, or else to be taxed to the tune of $125 million more than the taxpayers of the other provinces, I say that this is aggression, cold war, or more precisely shameless blackmail.

The federal government states that because of its need for funds, it collects money wherever it may be found. The government thus adopts the principle of "What we need, we take".

In years past, other governments have done so. But they were compelled to abandon, at a certain moment, what they had seized without justification.

History has shown disquieting examples of what happens when the maxim "Might is right" is followed. In 1871, the chancellor of a powerful empire applied that principle. In 1914, the chancellor of the same empire—a great jurist he was, and moreover a professor of Roman law—told the British representatives that the treaty which guaranteed the integrity of the Belgian soil was nothing but a scrap of paper.

Another chancellor of the same empire ordered the conquest of weaker states, such as Czechoslovakia and Poland. I shall not attempt to relate what all that led up to for, alas! we know it but too well.

There are various kinds of aggression against a less powerful state. Whether it be armed aggression for the purpose of invading and dominating that state or whether it be aggression intended to weaken it financially in order to do away with it, it is nonetheless an aggression condemned by the United Nations charter and which should be punished.

In the matter about which we are concerned, Mr. Speaker, impudence and cynicism are carried a little too far. They say to Quebec: "You can always come here for

a meeting because the government will always be happy to meet you." On the other hand, they are determined to maintain the position outlined in the budget speech. What tragic jokes this government can invent!

The province of Quebec owes nothing to the central government and should certainly not humiliate herself by making the first steps. The federal government is undoubtedly the aggressor, having little by little and by devious means encroached upon the autonomy of the provinces. I have never seen an assaulted person compelled to make excuses to his attacker. That is however the ridiculous idea of the Minister of Finance and of the government to which he belongs.

Mr. Lesage: Ridiculous.

Mr. Dufresne: All means seem to be good in order to reach an objective which is centralization and to attain eventually at legislative union, the most important step towards a condemnable socialism, from where only one further step would lead us to despicable and inhuman dictatorship. The time has surely come for the federal government to recognize its serious mistake and mend its ways, because the people, who cannot be provoked with impunity, will know, one day, how to punish, as they should be, those who in words and in deeds betrayed their trust.

It is interesting, Mr. Speaker, to listen to some of the speeches of our friends opposite, who, bluntly contradicting themselves, preach centralization to the French-speaking Canadians in the name of national unity. What nonsense!

First of all, I do not believe that anybody, in this house or out of it, has any right to lecture my compatriots in this fashion.

Mr. Lesage: You neither.

Mr. Dufresne: Let the minister not get discouraged; I will get to him later.

Mr. Lesage: That does not surprise me.

Mr. Dufresne: To preach national unity means to act in a patriotic fashion. I will allow no one in this country the right to give lessons in patriotism to Canadians of my tongue. No one has a right to give us lessons in this regard, especially not the defenders of centralization.

Mr. Lesage: And yet you need some.

Mr. Dufresne: Have not French Canadians more than once fought valiantly for the defence of those constitutional rights accorded them by the Constitutional Act of 1791? In 1812, for instance, many of our Quebec ancestors willingly shed their blood for the defence of our Canadian soil against the invasion of American soldiers. They then fought with the utmost energy to preserve for the British crown that important section of our important Canadian territory.

Later on we had two great world wars during which French-Canadian regiments won renown and added to the glorious chapters of our history. And if in the course of those bloody conflicts, the Canadians of my race had refused their co-operation, our army, our navy and our air force would have had been less numerous by one-third and our influence with the other nations would have been weakened to that extent.

If they accepted with enthusiasm to serve for the defence of their country on those various occasions, it was because they had to preserve for themselves and for the coming generations sacred rights that the fathers of confederation had guaranteed to them; those rights ensure their survival and their development in Canada, which belongs to them rightly since they are its pioneers.

The government, Mr. Speaker, is illogical on a vast scale and is becoming ridiculous in the eyes of all good Canadians worthy of the name.

For many years the economic future of a young country like ours, which needs all its resources, is being jeopardized by considerable, not to say extravagant, spending, for war and our so-called national security. I am not, mark my words, criticizing in any way the expenditures made for our defence and for the re-establishment of a just peace in the world. Yet it is an imperious necessity to practise what is being preached, as much here, in Canada, as abroad.

Why did we consent to take part in wars that, apart from costing us billions of dollars, have bereaved us of the best of our young people, of whom our country had a dire need for the conquest of its own destiny? Why did all Canadians accept so many sacrifices in the dark hours when the free world was in danger?

Why do we keep on giving money and bleeding ourselves white to ensure the protection of our land and defend ourselves against our common enemy, communism?

Also, why do we grant such help—greater help than we can afford, sometimes—to various countries in need of our assistance, for the purpose of maintaining among those populations the peace and freedom so many human beings are seeking?

All those generous measures, we take in the name of individual freedom, in the name of civilization, and in the name of democracy, which is so dear to the hearts of all Canadians.

And so, for a decade at least, we have been working so that other countries might win back their freedom and their sovereignty and live once more according to the great principles of democracy.

At the same time, however, right here in Canada people are endeavouring to undermine and to suppress that democracy which is essential to progress and national unity and so dear to all the nations which are longing for justice, peace and freedom.

The word "democracy" means, in my humble opinion: By the people, for the people, not by the people for its subsequent destruction, by the gradual suppression of their sacred rights for the benefit of centralization, which, as I said before, constitutes the first step towards the surrendering of all liberty.

The federal government finds itself condemned in the attitude it has taken lately toward the province of Quebec, by the loss of prestige and influence it has suffered in the other provinces of Canada. Let us not forget that, by weakening the provinces financially, we are working toward their eventual destruction. And those who are aware of the centralizing ideas in the mind of the members of the Canadian cabinet are in a position to guess their evil objective: the suppression of the provinces in order to achieve legislative union, which is prejudicial to all Canadians, constituting an irreparable encroachment upon their liberty.

No matter what those who advocate centralization may have to say, the province of Quebec is not seeking preferential treatment. It is only trying not to sign her own death warrant, and to keep those indefeasible rights which were granted to it by the constitution to which it was a party.

Mr. Speaker, a contract—and the pact of confederation is a contract—cannot be cancelled or even amended in any way without the consent of the contracting parties. Quebec never agreed to the amendment of the constitution. Therefore, if the federal government has any honour, it should respect such a precious document.

The government of Canada, taking upon itself the right of the more powerful party, availing itself of wartime conditions, negotiated with the provinces to get them to abandon their guaranteed rights or to rent, for a very definite period, certain taxation fields belonging to the provinces. I do not suggest that no one has the right to abandon his rights or to rent privileges that belong to him; however, I contend that those who want to keep unaltered what belongs to them should be free to do so.

Through means that I shall not qualify, but about which most of the signatory provinces are complaining, the government succeeded in violating the constitution. No infringement upon that constitution is permitted without the consent of all the provinces. It was in that spirit that the fathers of confederation drafted the pact. Therefore since the constitution has not been amended because the provinces have not agreed to do so, I contend that the federal government did not have the right of entering into those agreements or of renting certain taxation fields from the provinces.

Therefore, what the federal government has done in the matter has no legal standing and all the agreements signed and renewed up to this date are in themselves illegal.

Mr. Lesage: What a great lawyer!

Mr. Dufresne: The matter is so simple, Mr. Speaker, mere common sense; one does not need to be a lawyer to understand it.

Mr. Langlois (Gaspe): The man who does not understand does not know any better.

Mr. Dufresne: Well those who understand—

Mr. Gauthier (Portneuf): It is better not to say anything than to speak like that.

Mr. Dufresne: When will the federal government impose a penalty upon itself for having acted, as it has done since 1942, in a manner that is completely illegal. Since it will undoubtedly refuse to apply penalties against itself, the people will look after it themselves at the first opportunity.

The constitutional conflict between the central power and the Quebec government cannot remain unsolved because it is grossly unfair to the citizens of that province.

The leader of the opposition (Mr. Drew), true champion of provincial rights, appealed on two different occasions to the right hon. Prime Minister, asking him to call, with the least possible delay, a federal-provincial conference with a view to bringing about a solution to this distressing problem.

The Prime Minister has turned a deaf ear to these two appeals, which demonstrates in the first place his lack of co-operation and certainly, too, the way in which he seeks to approve and patronize this fatal policy of centralization. And before putting forward my own modest suggestion, may I be allowed,

as one Quebecker to another, to appeal to him to bring to this serious problem the particular attention it deserves.

Let us forget all this petty politicking. Let us rather act as real Canadians devoted to the preservation of well understood national unity.

Mr. Lesage: That is the first sensible thing you have said.

Mr. Dufresne: That is the first time my good friend is of my opinion. The hon. Minister of Northern Affairs and National Resources —and this is going to please him—in a well prepared speech, but one which echoed the feelings of his centralizing masters, has held that the proposal put forward by the hon. Leader of the Opposition, with a view to the convening of a federal-provincial conference before the end of May, was no immediate solution to this problem.

And yet, instead of playing the mathematician, in order to convince his colleagues of the cabinet that he was fit to manage the portfolio of finance, he could have suggested that which, in his opinion, could have solved the problem immediately and definitely. He did not do so, because he was afraid, no doubt, to spoil his chances with the government of which he is a member and which has no intention to try to solve the constitutional imbroglio.

In my humble opinion, there is but one immediate solution to the problem which requires Quebec taxpayers to pay a double tax:

1. A return by the federal authorities to logic and common sense which they have lost through too long a reign at the helm of the state.

2. The immediate and full respect for the Canadian constitution which guarantees unequivocally the rights of the provinces, thereby preventing a centralization nefarious to a sound democracy.

3. The will, on the part of the federal government, to stop considering Quebec as an illegitimate child within confederation.

Can we still continue to treat with contempt the numerous requests made by every important public body, such as municipal councils, chambers of commerce, as well as countless associations or organizations without any political character, that are asking for fair play for the people of Quebec and are also urging the government to come back to the great principles upon which the Canadian constitution is based. Could anybody remain indifferent when faced with the legitimate grievances of a whole people? It is up to the right hon. Prime Minister to answer that!

It is unfortunate that we did not hear more speeches on this issue by Liberal members from Quebec.

Mr. Lesage: They will come.

Mr. Dufresne: Before the Easter recess, they all boasted that they would defend the arrogant and uncompromising attitude of their government. But yesterday, when the session was resumed scarcely a score of French-speaking members were waiting anxiously for the question to be put, so that they might be spared the irksome task of making a speech. I am scarcely surprised by their changed attitude, for I know them well. They were back from their respective constituencies where they had been in a position to realize that the views of their electors did not agree at all with the policy of the government. One must then infer, Mr. Speaker, that the fear of the electorate is the beginning of their wisdom.

The province of Quebec is firmly opposed to centralization on very particular grounds; in the face of the present centralizing thrust, it may well fear the advent of a legislative union.

French-speaking Canadians have traditions to which they are deeply attached. They have customs and traditions of their own which it may be possible for them to safeguard through the guarantee offered to them by the Canadian constitution. They have a past of which they are proud, ancestors whose footsteps they want to follow. They have a deep love for the language of their forefathers and for the religion they have been taught on their mother's knees. They have an educational system adapted to their mentality and a culture which they have not refused to place at their country's disposal. Can such a valiant people as ours be asked or required to give up all this, to play into the hands of those whose only concern is to divide in order to rule? No, Mr. Speaker, and I appeal here to all well-meaning Canadians worthy of that name who constitute the great majority in this country.

Whatever one's language or religion, nobody can help being deeply impregnated with the traditions established by his ancestors. Every citizen wishes to keep his traditions, his language, his faith, his customs, and use them in the service of Canada.

When every Canadian understands that a glorious past cannot be sullied with impunity, the general harmony among all of us will be more complete, that will be all the better for

this wonderful and promising country of ours, which we want to make even greater and more prosperous for future generations.

Let us be guided once more by common sense, let us act always and everywhere as real Canadians. We must respect what is dear to us if we want our country to become greater and to prosper.

In that way, Mr. Speaker, we shall live happy, in the closest harmony, each in his own sphere fulfilling the noble mission we have received from Providence.

When, with the satisfaction derived from the fulfilment of our duties, we shall be called into a better world, leaving to our children a country in which it will be pleasant to live in peace, harmony, justice and freedom, our descendants, with real joy in their hearts and the deepest pride in being Canadians, will be able to sing the first two lines of our national anthem:

O Canada, terre de nos aïeux
Ton front est ceint de fleurons glorieux!

(Text):

Mr. H. A. Bryson (Humboldt-Melfort): Mr. Speaker, yesterday afternoon two hon. members on this side of the house dealt in some detail with the very serious agricultural situation that has developed in Canada. In particular the hon. member for Jasper-Edson (Mr. Yuill) dealt with it at length and placed a great many very interesting figures on *Hansard* to substantiate the statements he made in that regard. While I am not going to take the time this afternoon to speak about this question in detail, I should like to take some time to deal with the over-all picture as it applies to agriculture and in particular to the condition of the grain farmer in western Canada.

I am very glad that I was able to visit my constituency during the Easter recess because it gave me an opportunity to speak not only to farmers but also to machine agents, garage men and a great many of the other small business people whom we find in every little town scattered throughout the prairie provinces. I was told in every case that their business had fallen off from 25 to 60 per cent in the last six months, owing of course, to the fact that farmers, because they are not able to market their produce, are not able to buy the things that they need. It only seemed to confirm what I had believed and what a great many more people believe, that a most serious situation has developed in our agricultural industry.

Obviously we are following the very same pattern that was developed prior to 1939 and the second world war. At that time we had the same conditions of surpluses, falling prices and lost markets together with an increase in the cost of production. Following the second world war our agricultural economy was cushioned against a very obvious recession in this country by the introduction of the Marshall aid program. Following that the recession was of course cushioned by the Korean conflict.

As I said a moment ago, we have learned nothing from the events of the last fifteen years and we are right back where we were prior to the outbreak of the second world war. We have reverted to the status quo of the 1930's. Somebody once said that a literal translation of the Latin, "status quo", is "the mess that we are in". I submit that as far as our agricultural economy is concerned we are back in the same old mess in which we were in the 1930's. I should like to mention briefly the impossible position in which our farmers find themselves in trying to work out plans for their production. I think it is something that is unique and it is something that a great many people do not seem to appreciate. This, we are told, is the age of the specialist. This is the age of the efficiency expert and, while a great many people do not like the sound of the word, this also is the age of planning.

No business can long survive in this country unless it gives a great deal of thought to planning for the future. The distance that these plans are projected into the future is limited only by the size and the scope of the particular industry coupled with society's need for the product that the industry produces. While that is true of all successful enterprises in this country, both in peacetime and in war, it does not follow that it applies throughout the agricultural industry, because farmers do not plan their production in the light of future prospects or future promises but rather on the basis of past experience. I might add that one of the yardsticks that farmers have come to use in their planning is that whenever the Minister of Agriculture (Mr. Gardiner) suggests a certain approach to a problem, if they do the opposite they find it is a good guide to what they should do in that particular year in which he makes the forecast.

The blame for this state of affairs cannot be placed on the shoulders of our farmers. They have no control over the cost of production, nor have they any control over the prices they will receive either on the domestic market or in the markets of the world. We have a pitifully small population in Canada.

We can never hope to consume all we produce. Why should we when two-thirds of the world's population is hungry and clamouring for food? Like a great many people, I believe that our whole approach to this problem of distribution is wrong. I believe the government is trying to reconcile its thinking in 1954 with its thinking back in 1934. I do not believe it is possible to do that. It is time we reversed the actions of the proverbial ostrich by pulling our head out of the sand and facing up to reality.

We must revolutionize our thinking concerning this problem of distribution just as drastically as we have revolutionized our production methods in this country. If our agricultural industry is to survive and take its place in our country's economy, we should and must plan for the future. Those plans must be based not only on our domestic needs but upon the needs of mankind everywhere, rather than plan as we now do on hope, mere chance and intuition, with our success dependent in large measure on our happy ability as individual farmers to outguess our neighbour concerning what to produce and in what quantities. The most urgent and important question of the day, so far as agriculture is concerned, would seem to be how long can we, as an agricultural nation, continue, without giving this problem of distribution the serious consideration it deserves.

Throughout the war the farmers were asked to produce in abundance. We did a wonderful job. We were told we had done something that had never been done before. We were told we were the salt of the earth and we had unlimited markets. But now we have an entirely different condition. One of the very significant things, and one that any amateur observer might question, is that in spite of the fact we are still spending in the neighbourhood of $2 billion for defence in the name of peace and world security, we are unable to find markets for the very large food reserves we have in this country. The reason, of course, is that we are spending this tremendous amount of money not for food but upon arms, aeroplanes and guns. We are shipping these things to people who are badly in need of food. In effect, we are saying to these people, accept these things and defend your poverty. When this does not have the desired effect, we throw up our hands in holy horror and in our stupidity say that these people are accepting communism, they are turning to communism.

We should not cut our production. I certainly hope our government will not be influenced by recent press statements attributed to the United States secretary of agriculture, Mr. Ezra Benson, in which he suggested the United States would like to see Canada cut her agricultural production. I think we can all go along with a statement recently made by our own Secretary of State for External Affairs (Mr. Pearson) when he was speaking at a luncheon held in London, Ontario, on January 27 of this year by the federation of agriculture. He said:

> None of us wants to see food production curtailed or surplus food destroyed when there are so many hungry people to be fed. Indeed, as long as these people remain hungry there cannot be such a thing as a surplus, except in the economic sense. All our humanitarian and social instincts rebel at a policy of contrived scarcity and food destruction.

I certainly hope that will continue to be the policy of this government.

I come now to one item about which I am greatly concerned, and one which I investigated thoroughly when I was home over the Easter recess. It is something that we in this party have advocated for a long time. We believe that the government should take ownership of properly stored grain on the farm. We do not ask the government to pay the full initial price for this grain, but they should pay a minimum price for grain properly stored on the farm. We say that because the Canadian people are now being told that the grain that is piled on the farms in western Canada is a wonderful thing. They are told it is just the same as money in the bank. If times get tough or we get into another crisis, we will have this supply to draw upon, and we believe that is true.

However, we do not believe the producer should carry the whole burden of this so-called mountainous prosperity, as someone referred to it. Today the people of Canada are asked to bear the whole burden of defence. We are stockpiling armaments in the name of security and world peace, and the people are quite prepared to pay the shot. We say that food is just as essential to world peace and security as armaments. We believe it is only fair that all the people should help to carry that burden and not leave it to the producer alone.

There is another matter I should like to mention at this time, and I am expressing a personal opinion for what it is worth. From discussions I have had I know that a great many people in western Canada are in favour of the scheme I have outlined, but the farm organizations in western Canada are shying away a little bit from this idea of the government taking ownership of properly stored grain on the farm. I am suspicious of this, that the wheat board is saying to the farm organizations of western Canada, "If you are going to advocate this new idea and if you are going to try to push us into the position of buying this

grain, then we will abandon the wheat board." And that would be a real disaster. But I am suspicious that this is the gun that is being held at the heads of western farm organizations.

I think the government should exercise some control over the cost of production, but I am not going to discuss that matter in detail today. There will be other opportunities for me to do so. However, I shall deal with one item in particular, that of fertilizers. I should like to comment momentarily upon two points discussed in debate on December 2 by the hon. member for Kootenay East (Mr. Byrne) who, I am sorry, is not in his seat.

On that date, replying to a criticism I had made in connection with what I called a monopoly in the sale of fertilizers in this country, the hon. member for Kootenay East said I had left the impression that farmers were being gouged. He intimated he was sorry I had made that statement, because he was afraid it would have an adverse effect on fertilizer sales. I am convinced the hon. member for Kootenay East did not make those statements without giving some thought to them, because I know he is concerned about the situation of the workers in the plant at Kimberley. I know the figures he quoted in the house had been submitted to him by the fertilizer companies concerned—because I have investigated the matter. I do not think the farmers in that part of the country from which I come had to wait until I came to Ottawa for me to tell them that they were being gouged, so far as their purchases of fertilizers were concerned. They knew about that a long time ago.

As a matter of fact, when I was home at Christmastime the farmers in my area were circulating a petition in which they asked their neighbours to pledge that they would not buy any fertilizers this spring. This was done with a view of bringing the high cost of fertilizers to the attention of the proper authorities. Fertilizer distributors in the district of Humboldt-Melfort told me only a day or two ago that they know now that their sales of fertilizer are going to be drastically reduced.

I was not in the house when the hon. member spoke and discussed the fertilizer situation, but I could tell from reading his speech that he has real sympathies for the fertilizer companies, and was not pleased with the nasty things I had said about them. I am not going to deal at length with this subject of fertilizers, but I shall try to correct two statements of the hon. member on that occasion.

First of all he said that in the years 1935 to 1939 it took 90 bushels of wheat to buy one ton of fertilizer. He then proceeded to point out that in 1952 it takes only 65 bushels to buy one ton. I would say to him in reply that in the years from 1935 to 1939 we were buying fertilizer for about $60 a ton and wheat was selling at less than a dollar a bushel. To be exact, the price of wheat was ·956 cents per bushel.

But what was the picture last year? Farmers who were able to market top grades of wheat found that they had to sell over a hundred bushels to obtain enough money to buy one ton of fertilizer. And, incidentally, these figures are from the dominion bureau of statistics and cannot be denied.

The other point made by the hon. member for Kootenay East was that because the fertilizer industry had sold 100,000 tons of fertilizer in western Canada this had meant an increase of 35 million bushels of wheat. I have made inquiries at the central experimental farm here in Ottawa. They have secured all available information from many experimental stations and from the hundreds of illustration stations scattered across the country, and it is their considered opinion that 15 million bushels would be an outside figure—and not the 35 million mentioned by the hon. member.

This just goes to prove once again that the fertilizer people will go to any length in an effort to becloud or muddle the thinking of people who are buying their product. I do hope that before this session is over this whole industry will be investigated under the authority of the Combines Investigation Act.

I was very happy indeed to hear the hon. member for Brantford (Mr. Brown) make a case for economic aid. I am not going to discuss the subject at length; but it was refreshing to hear the fine address he made this afternoon. In addition to the proposal I have made in connection with outright purchases of grain by the government, I would like to see this country accept sterling. This group has maintained over the months that sterling should be accepted. There are many places throughout the commonwealth where it could be spent; or, as we have suggested over and over again, we could invest it in Great Britain to help them rebuild their industries, so that they might produce more goods to offer in trade for our agricultural products. This would help relieve the great surpluses we find in agriculture today.

I should like to see wholehearted support for a world food bank as outlined by the food and agriculture organization of the United Nations. I believe these two things, coupled with what I have suggested previously, would go a long way toward relieving the stress and help cut down the surpluses we have in our

agriculture. It would also go a long way toward establishing security and peace throught the would.

Mr. G. W. McLeod (Okanagan-Revelstoke): Mr. Speaker, in the few remarks I shall make in this debate it is my wish to bring to the attention of the government the need for greater financial assistance to the government of British Columbia in developing and conserving her natural resources. The hon. member for Kamloops (Mr. Fulton) made mention of this a few nights ago, and I should like to commend him for it, because I heartily agree with most of what he said. Of course I could not agree with everything, and particularly the fact that he cannot agree with the political convictions of the premier of British Columbia. However, I would remind the hon. member that it is not so many years ago that he and the premier of British Columbia were very close political buddies. Of course, that was before the time when our premier saw the light and renounced Conservative policy.

There is one problem that is a threat to Canadian unity, and that is the Ottawa tax view. It is interesting to follow the arguments of government members from Quebec who support the Minister of Finance (Mr. Abbott) in the stand he has taken. Apparently the present government at Quebec is not very popular with government supporters in Ottawa. They are not afraid to make their views known, whether right or wrong.

However, I should like to congratulate the hon. member for Outremont-St. Jean (Mr. Bourque) upon the very strong plea for national unity he made when speaking in the house last night. I am sure that is one goal we must never lose sight of, and we as Canadians must at all times be prepared to sink our differences of race, religion and politics in a common desire to work in harmony for the welfare of Canada.

Now, what about this Quebec taxation problem? To my mind it is serious; but, Mr. Speaker, I believe it is strictly a family affair and a problem for the Quebec and Canadian governments to settle. It is a family squabble between these two members of the Canadian family and as such the rest of us would be well advised to keep out.

However, while speaking of this taxation question, there is one matter I must bring up. It concerns the defence department and the Department of Finance. I am thinking of members of the Canadian forces posted to stations in Quebec. These men and women, Mr. Speaker, are not in Quebec by choice—they are there in their line of duty. Yet, because they are in Quebec, they are going to be penalized to the extent of the income tax levied in that province. They will receive less take-home pay than those stationed elsewhere in Canada. This is an injustice. I trust that the ministers of national defence and finance will get their heads together and bring in a solution. If something is not done, I am sure that harmful and unnecessary dissatisfaction will result. I know of what I am speaking, for it was my privilege to spend a few days with my son and his family on one of our defence stations recently and this matter was brought to my attention.

Of the provinces working with the federal government under the tax rental agreements I am sure the so-called "have-not" provinces—the prairies and maritimes—are not dissatisfied. This leaves Ontario and British Columbia. So far as Ontario is concerned, I am sure there are many members of this house who will be able to speak for her. I am going to confine my remarks to my own province of British Columbia.

Our province, Mr. Speaker, comparatively speaking, is the fastest growing and the wealthiest in Canada; yet, strange to say, these two facts are causing us a lot of trouble. In the first place, our increasing population demands expensive services from the province; and in the second place, the federal government is receiving the major share of the increased revenues derived from our great wealth.

Since 1939 our population has increased by 55·3 per cent. The next highest provincial increase was Quebec with 32·2 per cent, while the increase for Canada was 27·8 per cent. This rapid increase creates a great problem for us. The people must be provided with roads, schools, hospitals and social services. In 1940, Mr. Speaker, it required $29·4 million to provide these services. In 1953 it required $145·4 million. This is a large amount of money for a fast growing province to raise, and many projects that are necessary for our people and that would assist not only British Columbia but Canada as a whole cannot be undertaken for lack of funds. Yet it is interesting to note—and I hope the house will remember these figures—that in 1952-53 the federal government collected the huge sum of $259,708,170 from corporation and personal income taxes and succession duties in our province. Many millions more were collected from sales, excise and other taxes. Mr. Speaker, this is only $21 million less than the total collected from the three prairie provinces—Manitoba, Saskatchewan and Alberta—and almost two and one-half times the amount collected from all the maritime provinces. I trust that the hon. members from these provinces will recall these figures when they are discussing the estimates, and compare their allotment with what British Columbia is receiving.

I want to refer briefly to P.F.R.A., railways, highways and conservation of natural resources. Agriculture in British Columbia is expanding along with our total economy. In 1940 our production from this source was valued at $52 million. In 1951 it was $160 million. The end is not in sight yet. There is room for tremendous development, but expensive irrigation and reclamation projects are required. Irrigation is needed in all except the coastal and northern parts of the province. There are large tracts of land that may be reclaimed in areas subject to flooding, as well as in semi-arid areas.

Here I would like to acknowledge expenditure by the federal government of $2,429,939 for work done under supervision of P.F.R.A. engineers in recent years. These projects included, mainly, reclamation and irrigation of blocks of land for war veteran settlement and have proven very satisfactory for the settlers and are of great benefit to the communities and to the province generally.

I would like to see the federal government extend the full benefit of P.F.R.A. to our province. Many of our areas are short of water for home use and the assistance of P.F.R.A. would be very welcome in constructing dams, dugouts, and other facilities for the provision of water for domestic and farm purposes. Then, too, we have individuals who are spending large sums of money for sprinkler systems where the water is pumped from adjacent lakes and rivers. In the vicinity of Vernon we have possibly the largest privately-owned sprinkler system in British Columbia, if not in Canada. It is used mainly for watering pasture land on one of the largest mixed farming ranches in the interior. It has cost the owner thousands of dollars without any outside assistance. Under P.F.R.A. he would have been entitled to engineering assistance and to grants in aid of purchasing the necessary equipment. It is to promote and encourage further installations such as this that we are so concerned that P.F.R.A. should be extended to British Columbia.

I am going to quote you some of the expenditures made by the federal government in aid of such projects as I have been mentioning. Under the Maritime Marshland Rehabilitation Act, 1945, the sum of $8 million will be spent in reclaiming lands around the bay of Fundy. Up to the end of 1952, Manitoba had received $4,277,688, Saskatchewan $35,276,000, and Alberta $28,049,108, under P.F.R.A. British Columbia has received absolutely nothing. So, Mr. Speaker, when I ask that these benefits be made available to our province and that we share in the millions being spent to promote agriculture, I believe you will agree the request is not unreasonable.

We have a railway problem, too. The P.G.E. has no coast outlet, but I am glad to report that the provincial government has instituted steps to complete the line from Squamish to Vancouver. However, there is great need to have the line extended from Prince George to Dawson Creek. This is a distance of 271 miles and is beyond the ability of the province to finance. For years we have heard of the need for a Peace river outlet. Mr. Speaker, this is it. From Dawson Creek to Vancouver via P.G.E. would be 516 miles shorter than between the same two points via Edmonton. This road, if completed, would also give a short rail route from the Peace river bloc to the port of Prince Rupert via Canadian National railway from Prince George.

I am not going to take up the time of the house to enumerate the great developments which would follow in the wake of a rail outlet. At the first opportunity hon. members might obtain a map of the Peace river area and while looking at it think of the press reports they have read concerning gas and oil development, mineral finds, and the thousands of acres of virgin timber in this last great bloc of unsettled farm lands. This great area, truly an inland empire, endowed with natural wealth almost beyond imagination, is waiting for a rail outlet to the seaboard. Such an outlet has been promised for years. The federal government has built railroads and through the C.N.R. are operating roads in almost every province of Canada most of which can never hope to serve Canada, as a whole, to such great advantage as a road from Dawson Creek to the Pacific coast. I might mention a few of these such as the Hudson Bay railroad, the Northern Alberta and Newfoundland railroads. We are not asking for favoured treatment. We are merely asking that the federal government assist us in providing this worth-while railroad which would be a great stride forward in the development of our northland and a necessary artery of defence in time of war.

Coming to highways, we all realize that this primarily is a provincial matter. However, we have conditions which make road building the costliest in Canada. Our settlements are scattered and connecting highways, through sparsely settled districts and for long distances, are necessary. We have a very heavy outlay for bridges.

I was rather amused to learn that the federal government disclaims any responsibility for financial assistance for the construction of

the Marpole bridge at Vancouver. Yet I find that this same government is committed to spending $30 million on a causeway from Cape Breton to Nova Scotia. We need roads to tap our mineral and forest wealth. We need roads into our far north, and we need a trans-provincial highway from Alberta through Yellowhead pass to the coast, as well as the trans-Canada highway through Revelstoke. All these roads will mean wealth for Canada and greater tax return for the federal government. We think the federal government should share the cost.

As regards conservation, I was greatly interested in the reports of the conference on natural resources held in this city last Wednesday and Thursday. On April 22 the Minister of Northern Affairs and National Resources (Mr. Lesage) stated that resources had put Canada in her position as a top-ranking trading nation and that these resources are vital for defence. He is also quoted as saying:

> We must consider as urgent any measures which will improve the status of conservation of our natural resources. With the exception of minerals they are renewable and it must be our aim to keep them renewed. The approach must not be lethargic, but dynamic.

He went on to say:

> . . . conservation requires a combined effort at two levels—federal and provincial.

Truer words were never spoken. On April 23 the Minister of Trade and Commerce (Mr. Howe) addressed the same convention. He quite plainly showed that he is alive to the necessity of conservation, and he stressed that the federal government is fully alive to the situation and that such a program had become "not only a matter of protecting future generations but of ensuring progress in the present time." He mentioned several acts sponsored by the federal government in carrying out its role as regards conservation, both independently and in co-operation with the provinces. He stated:

> Conservation cannot be taken for granted. It must be pursued constantly and with vigour.

After reading the reports on this conference and noting the keen interest shown by these ministers representing the government of Canada no plea of mine need be added. All I ask, Mr. Speaker, is that this government re-examine the brief presented by the government of British Columbia, especially with regard to forest conservation, and take immediate steps to implement a federal-provincial plan which will be in the best interest of all concerned.

And now, Mr. Speaker, I would like to quote the words of a great Canadian, the late Right Hon. W. L. Mackenzie King. Speaking before the dominion-provincial conference in 1945 he said:

> What then are the aims or the objectives for which we are seeking the best possible dominion-provincial relations? To express them, very briefly, we are asking the provinces to go into partnership with the dominion in a broad program for the development of our national heritage, and the welfare of the Canadian people.

I would like to assure this government, Mr. Speaker, that the people and the government of British Columbia are prepared to do their part in developing the great resources within their borders in partnership with the federal government of Canada.

Mr. S. R. Balcom (Halifax): Mr. Speaker, in entering this debate on the budget may I first add my commendation to the personal tributes paid to the Minister of Finance (Mr. Abbott). In his customary manner he presented a weighty and complex subject matter with clarity and a minimum of abracadabra. In an atmosphere in which words and speeches favour length rather than directness—and I trust hon. members will forgive me—his is a refreshing approach.

The review in the budget speech of the financial arrangements with the provinces and their background was most timely. The tenor of the minister's remarks demonstrated his appreciation of the very great difficulties encountered in arriving at an equitable distribution of tax revenues. Emphasis was laid upon the varying positions of the provinces because of the uneven distribution of wealth, and it was suggested that even if it were possible for the federal government to vacate the corporation and income tax fields, the poorer provinces might still have difficulty in obtaining enough revenue for necessary services. That, I am afraid, is only too true.

In effect then the federal government in the role of tax collector goes some distance in redistributing the fruits of toil of all Canadians. There is one aspect of this problem which has not in the past and still does not receive sufficient attention. The disparity in wealth among the provinces is not simply the result of differences in resources. That some areas are blessed with a greater abundance of natural resources than others cannot be denied. Nor are we of the less wealthy areas prone to envy because of such differences. But we could rejoice much more wholeheartedly in the good fortune of others if the price of nationhood were more evenly distributed.

I am not going to talk at any length about the reasons, quite apart from nature's bounty,

why Canada's wealth has become unduly concentrated. Others have dealt most ably with the results of tariff, transportation, and other public policies. Suffice to say again that the disconcerting tendency for the benefits to accrue to the centre is the result in part at least of policies both of government and of business. In all fairness a price should be paid by the areas which benefit most from these developments.

During this session a suggestion was made in the other place that the Yukon and the Northwest Territories be given to the four western provinces. A rather sudden conviction has grown in some provincial minds that the residents of the north should have the benefits of provincial government, of particular provincial governments. I should hate to be cynical but I wonder whether the vast riches of the northland are a factor in this view. Perhaps it is history repeating itself with just a change in costume. The proposal is not unlike the handling of the public lands of the west at one time held by the dominion government.

I refer to the financial arrangements which attended the entry of the four western provinces into confederation. As the public lands of the new provinces were to be retained by the dominion, it was considered only fair that a special subsidy should be paid in lieu thereof. Subsequently these lands were turned over to the provinces but the subsidies were continued. That was a fairly good bargain for the western provinces, I should say. I speak of this matter now not in envy of those provinces which would benefit from that arrangement but because it is an example of what has happened over and over again in different spheres as this nation has progressed.

Let us consider this latest suggestion. For many years the taxpayers of Canada have carried the responsibility of providing the necessary services for the Yukon and the territories. When the time comes for dividends to be paid, should they accrue to any particular province? I believe firmly that the population of these frontier areas should have every consideration. After all, they are the pioneers and their spirit is in essence the spirit which has developed the country. In due course we may have an additional province. When the circumstances warrant, let these hardy and deserving people run their own affairs within the sphere of provincial jurisdiction. In the meantime there is no reason why the returns from an all-Canadian investment should accrue to Victoria, Edmonton, Regina or Winnipeg rather than to Halifax.

In fact, I believe a stronger case could be made for Nova Scotia and the other maritime provinces. We brought into confederation a great heritage, economic, political and social, which has continued to enrich the national life. That is as it should be, but the flow ought not to be in one direction only. As we are bounded almost entirely by the sea, we cannot expand westward or northward. Instead, we have sent and are sending our people to develop the other great provinces. Should not a part of this last frontier then be the hinterland of Nova Scotia? I would ask the Minister of Citizenship and Immigration (Mr. Harris) to give this matter his serious and thoughtful consideration.

The Minister of Finance gave an informative and, for the most part, a heartening review of the state of the nation. There is an uncomfortably large amount of unemployment, some of it seasonal and some of it owing to difficulties in particular industries. But in spite of a slackening in business activity generally, the over-all prospects for Canada are encouraging. In the light of this fact, the minister has refused—and I believe quite wisely so—to implement restrictive measures to protect special interests. No one wishes to minimize the personal hardship, the calamity, that loss of employment brings to a worker and his family. There are very few people—members of parliament or others—who do not feel that every effort should be made to keep unemployment to a minimum. But there is a vast difference of opinion as to the best way to achieve this end.

The most obvious action suggested when unemployment increases is the extension of social security benefits, but let us look at the proportion of our total expenditures which goes into welfare now. In round figures, our total budgetary expenditures amount to $2½ billion. Of this amount, $750 million is for family allowances, veterans benefits and other welfare and social security services. If we add to this amount $340 million paid out of the old age security fund, we have almost 40 per cent of non-defence expenditure going into this field. In addition, we have unemployment insurance. No one can honestly say that this government has not made provision for the hardships attendant on unemployment.

The only way in which we shall be able to support these commitments and continue to raise the standard of living of our people is by continuing growth. The government must—and I am sure it will—direct a proper

proportion of its revenues to positive development. In the long run that policy will provide more jobs and more security than will overzealous paternalism in respect to individual problems.

The minister has done well to resist the pressures for tariff or customs increases. Canada, as the third largest trading nation, has a very large stake in increased world trade and in the progressive removal of restrictions thereon. For example, with respect to wheat, picture the difficulties there would be were tariffs or embargoes added to the marketing difficulties resulting from keener competition from other producer countries.

Because of our dependence on United Kingdom markets we in the maritimes are perhaps more familiar than are others with the results of tariff restrictions. Our lumber industry has already suffered because of the lack of effective demand. Our fresh fish industry, which finds its main market outlet in the United States, has so far weathered the gales of competition. But the pressure across the border for higher tariffs hangs like the sword of Damocles. I cite these instances to support my view that in Canada's own interest we must not seek tariff protection to save us from fair competition.

Of particular interest to Nova Scotia and Halifax was the optimistic note in the budget speech with regard to the progress towards freer trade in the United Kingdom, Europe and the commonwealth. There are signs, too, that our great neighbour to the south is lending an ear to the pleas for removal of trade barriers. Foreign trade is vital to our economy and it is the lifeblood of our ports. It is as important, Mr. Speaker, to the dockworker in Halifax that trade be kept moving as it is for the wheat farmer to sell his wheat abroad.

It is important then for the government to bend every effort—as they are doing, I must say—to expand trade. One factor of great consequence is speed and efficiency in transport. That is one justification for national participation on a very large scale in the St. Lawrence seaway and power project. The development of ports important to international trade meets the same test, namely the involvement of national interest as opposed to purely local or provincial interest. That is why we have pressed for an over-all plan of development of the port of Halifax. We are not satisfied simply with the provision of berths and other facilities as business demands. The long-range plan and its implementation should precede and stimulate business, not just follow after.

This past winter there has been great pressure on available facilities at the port of Halifax. It is granted that some of it was due to the dock strike in New York, a situation which may arise at any time. But there has been an increase in traffic of such proportions as to justify a new look at the problem and the addition of many more facilities in the port of Halifax.

It goes without saying that adequate railway facilities are a "must" for balanced port development. I have on other occasions drawn attention to the need for enlargement of the Nova Scotian, the Canadian National hotel in Halifax. We have also pressed for replacement of the outmoded building which houses the baggage, express, mail and other departments of the Canadian National Railways. This building has now been declared a fire hazard, which is serious enough in any circumstances, but when you consider the special role that Halifax plays in our scheme of national defence the urgency for a fireproof modern structure is the more apparent.

In this connection I would also urge early consideration by the Canadian National of the construction of a suitable railway station at Armdale. To those who know the location of the railway tracks encircling the city en route to the waterfront, the logic of such a move will be quite apparent. The population of that area in Halifax city and county has grown very quickly in the past decade. The city itself has increased by 100 per cent while the suburban area has more than doubled its population to easily some 20,000 people.

The location of a suitably equipped station here would in any circumstances be a justifiable service to the residents of the area and would relieve congestion in downtown Halifax. In time of emergency it would be invaluable in facilitating the evacuation of people from the western and northern parts of the city.

I do not wish to be an alarmist, Mr. Speaker, but I do feel that the awful possibilities of the dreadful weapons of war now developed call for a new approach to many problems. The position of Halifax as a target area, with all the attendant dangers, calls for immediate action on the first-class bottleneck at the Fairview underpass. The Canadian National Railways, as the main agency responsible for the situation there, should initiate action on this problem. The city of Halifax and the province have a responsibility too, but I believe that its importance in civil defence warrants that the initiative be taken by the dominion government through Canadian National Railways.

I now have a more pleasant suggestion to make regarding the railways. Canada's

stature in the eyes of other nations has grown considerably in the past. We are made aware of this in the contributions of our Canadian representatives at international meetings, in the attitude of the diplomats and representatives of other countries towards our people and in the general appraisal of Canada's economic strength.

In the United States in particular there has been of late a veritable flood of articles and stories on Canada and its resources and development. In most cases these have emphasized our mines and natural resources; in short, Canada is presented as a land of opportunity. That this view has acceptance in many circles is borne out by the volume of United States money flowing into Canadian development. The almost phenomenal success attending some of this, particularly in oil, has strengthened the current of optimism. But I suggest that there are some dangers inherent in this situation. It is to be hoped that we may some day get out of this era of a semi-war economy. When that day comes it is natural that there will be bad years as well as good. Then we shall need in our neighbours, as well as ourselves, a faith in our country based on a well-informed public opinion.

I am afraid, sir, that some of the information about Canada which is being disseminated, particularly in the United States, is not tempered by a realistic appraisal of our problems, of the difficulties of a country which is in fact a thin line strung across a continent, of a relatively small population which must pay high for an extensive transportation system in order to survive as a nation, and of an economy where a relatively few staples bulk large in our total production.

The effect of the glowing prospectus of Canada as it appears to potential investors in the United States, and not tempered by a realistic appraisal of some of our problems, may make them wonder about Canada's contribution to NATO. In fact, questions have been raised and statements have been made which indicate that we are not regarded so well in all quarters for our contribution to mutual defence. In the light of all this, Mr. Speaker, and in view of its importance to our future development, increasing efforts should be made to present Canada as a whole to our neighbours. This is no counsel of gloom; it is prompted by a desire that our position be on a foundation firm enough to weather any minor storms which sooner or later we must encounter.

One small way in which this might be accomplished is to provide United States congressmen and senators with passes on Canadian railways. It is not suggested that the railways should bear the expense of this educational project but rather that they should be reimbursed for any small cost involved, and it would not be too large. We might then encourage better understanding on the part of those responsible for defence expenditure and procurement, for tariff and other trade regulations.

This better understanding would surely spread further among the people. It is very important to us that the average American does not feel short-changed on his foreign commitments. An appreciation of what Canada is doing and the removal of the impression that we are not doing our share is more important than the attraction of more investment capital at the expense of realism.

PRIVATE BILLS

On the order:

Second reading of Bill No. 423 (letter J-14 of the Senate), intituled: "An act for the relief of Mary Joy Thomson Asselin".—Mr. Hunter.

The Acting Speaker (Mr. Applewhaite): Is anybody acting for the sponsor of these divorce bills?

Mr. Knowles: No.

The Acting Speaker (Mr. Applewhaite): If not, the bills will stand. The business for the hour for private and public bills having been exhausted, the house will revert to the consideration of the business interrupted at five o'clock.

THE BUDGET

ANNUAL FINANCIAL STATEMENT OF THE MINISTER OF FINANCE

The house resumed consideration of the motion of Hon. Douglas Abbott (Minister of Finance) that Mr. Speaker do now leave the chair for the house to go into committee of ways and means, and the amendment thereto of Mr. Macdonnell.

(Translation):

Mr. Fernand Girard (Lapointe): Mr. Speaker, a while ago, the hon. member for Macleod (Mr. Hansell) speaking of the Quebec income tax said that it was a family problem between Quebec and the federal government and that it did not concern the other provinces. However, he recognized that this was greatly unfair to the servicemen stationed in the various camps of the Department of National Defence in the province of Quebec.

Mr. Speaker, that attitude well shows how the government deals with this matter. It is considered unfair that a serviceman from another province should be compelled to pay

that tax. Yet they do not seem to realize that it is just as unfair to compel 300,000 taxpayers in the province of Quebec to pay a double tax, although they do not benefit, like the citizens of the other provinces, from the subsidies paid under the fiscal agreements, because the province of Quebec refused to sign them. It was expected that in the budget debate Liberals would try to refute all the arguments advanced in favour of the deduction of the tax and of the prior right of the province regarding that tax. They all took up the gratuitous assertions made by the Minister of Finance (Mr. Abbott) himself. Mr. Abbott's speech was met by thunderous applause from the Liberal members from Quebec, even when he stated that the prior right of the provinces in the field of direct taxation had no legal or concrete basis.

Before stating—yet without attempting to prove it—that the province had no prior right, neither *de jure* nor *de facto*, maybe the minister neglected to read the whole of the British North America Act and more particularly sections 91 and 92 which deal with this question. It is true that section 91, subsection 3, states that the federal government shall have the right to raise money by any mode or system of taxation. However, the beginning of that section, and all the government members failed so far to deal with this point, provides that:

> It shall be lawful for the Queen, by and with the advice and consent of the Senate and House of Commons, to make laws for the peace, order and good government of Canada, in relation to all matters not coming within the classes of subjects by this Act assigned exclusively to the legislatures of the provinces.

And then, in section 92, it is expressly stated that:

> In each province the legislature may exclusively make laws in relation to matters coming with the classes of subjects next hereinafter enumerated:

Nobody has attempted to equate "exclusive" with "parallel", as the government supporters who have spoken on this matter have tried to do.

The hon. minister not being in a position to rewrite the British North America Act seizes upon a motive which ill conceals the evident contradictions of his statement. He holds that to admit this principle would put the treasury in an intolerable position. In other words, he says: I cannot hand over his own garden hose to my neighbour; I need it to water my own garden. So he immediately claims that, as a charitable necessity, the poorer provinces must be helped, forgetting too that the 15 per cent we are claiming is less than what would be offered in a fiscal agreement, and that the other provinces are left with the lion's share, the amounts received by them under these agreements being in no way affected.

The hon. minister made another declaration, with a more serious implication, when he said that the province of Quebec did not exercise its right to direct taxation before 1940. Does that mean that only those prerogatives granted under the British North America Act which are regularly resorted to are applicable and that the provisions of the federative act which have not yet been applied lapse and become inoperative? And yet the arguments used by the Minister of Finance lead to such a conclusion.

The hon. minister claims moreover that should he grant the 15 per cent deductibility of the Quebec tax, it would be tantamount to recognizing in principle the province's right to grab 30, 60, and even 100 per cent of his direct taxes. In the first place the request concerning deductibility covers but 15 per cent and nobody as yet has asked for 30, 60 or 100 per cent. In the opinion of the hon. minister, to grant the deductibility of 15 per cent would provide recognition of the prior right the provinces have in the direct taxation field.

How is it that 5 per cent, which is provided by a federal statute, does not constitute such recognition? Can the hon. minister tell us at what percentage provincial priority begins; is it 6 or 6½ per cent, or what is it? It is of course obvious that the government is trying to hedge and veil its centralizing policy. As a matter of fact, the delirious enthusiasm of the socialists, which was only equalled by that of the Liberals at the time of Mr. Abbott's statement, is perfect proof that the centralizing attitude of the government in fiscal matters is at the same time a victory for the socialists, who want an almighty central government.

For the Liberal members from Quebec, this policy had a disadvantage, for it was disagreeable to almost the entire voting public of that province, who had and still have a word to say about their own autonomy. The hon. minister had thought of everything. He had a ready solution, which gave to his colleagues from Quebec the opportunity for numerous speeches on non-pertinent matters. He, indeed, invited the prime minister of Quebec to a conference with the federal government. But his invitation was accompanied by a straight rejection of all deductions.

That was a door, but one that was padlocked by the refusal of any concession. Such a contradictory offer has nothing in common

with preceding statements according to which "no pressure, direct or otherwise, would be applied to obtain the signature of a province". The same minister declared last year that one of the advantages of the fiscal agreements was that their success did not depend on the unanimous approval of the provinces. Twelve months later, he says that if one province refuses to participate, the treasury will be placed in an intolerable position. Completely unmindful of any contradiction, he is ready to see the taxpayers of Quebec carry the burden of an additional $25 million in taxes, as a punishment for their refusal to sign. He even says that the federal treasury could not tolerate our exercising our freedom of choice.

Everybody is talking of a federal-provincial conference. I am not against any sincere wish to understand each other, and every possible means to achieve such an end must be taken. Has any thought been given to the real alternative which faces a province which has refused to be a party to a fiscal agreement? There is only one: exercise her own right to tax. The province had to choose between $115 million under a fiscal set-up or $15 million, which is roughly the equivalent of 5 per cent. Such is the freedom of choice which is offered!

Much more, the charitable duty of helping the poorer provinces has been invoked, even though to do so a province would have to accept double taxation, although in fact, the said province never requested 100 per cent of its direct taxes, but only 15 per cent, which is less than was offered under the fiscal agreements.

Not one hon. member has taken upon himself to refute the arguments advanced in this house by several hon. members about the prior rights of the province to direct taxation. All have adopted the rather easy way of resorting to gratuitous assertions and advocating a federal-provincial conference, while stating that they would adopt an uncompromising attitude.

The Minister of Northern Affairs and National Resources (Mr. Lesage) summed up all those arguments, which he repeated after the Minister of Finance, by using a charming comparison, quoting as an example a child who refuses to obey his father's order to stop pulling the cat's tail. The child replies that it is the cat that is pulling. Using the same comparison, I must say that it applies even better to the other side of the argument. The child is well entitled to pull the tail of a cat that drinks his plate of milk. I easily see the federal government in the role of the father who scolds his child because he is pulling the cat's tail, without stopping to ask himself to whom the plate of milk belongs.

The passing-of-the-buck policy will not succeed in diverting attention from the real problem which consists in determining to whom the plate of milk belongs or whether the province has a prior right in the field of direct taxation. It is therefore useless to find in that attitude and in the dollar and cents consideration of a centralizing government reasons for decentralization and then pretend to have fulfilled the intentions of the fathers of confederation, who cannot have set up a central state at the expense of the autonomy of the provinces which united to make up that state.

When one reads the numerous speeches made before confederation, one is astonished to see that the fathers of confederation were unanimous in their desire to protect the autonomy of the provinces. Since our contemporaries do not seem to agree on the constitution or on its interpretation, I took the liberty of making a pilgrimage, as I say, among the fathers of confederation, a few years before the pact was signed, to see what they really had in mind. When they drafted the British North America Act, they evidently intended to grant to each legislative body the necessary prerogatives to ensure the preservation of the two races and of the two cultures that were facing each other under the union government, following the uprisings of 1837.

One has but to read the speeches of those who drafted our constitution to become firmly convinced that the British North America Act is the outcome of the unanimous and clearly-stated desire to safeguard the autonomy of the two races which faced each other in Upper and Lower Canada, and to guarantee the rights and the prerogatives of the other provinces which might join confederation. May I be permitted for this purpose to quote some of the statements of the fathers of this confederation which it is our duty to preserve and respect. We will find in these statements the proof that confederation was a treaty between two races, a pact ratified in London, whereby each province agreed to join the other, not so as to disappear but in order to form a central government having jurisdiction over questions of general interest.

It never came to the mind of the fathers of confederation to form a centralizing government which would deprive the provinces of all their sources of revenue, limiting their role to that of a passive distributor of the

liberalities of a central government. If such had been their intentions, the provinces would never have put up with it.

Immediately following confederation, in a speech delivered on May 17, 1867, Sir George Etienne Cartier said, as reported on pages 523 and 524 of the record of his speeches:

Confederation was a compromise and still retains that character to-day. There are many who went as far as to say that we did not quite know what to expect from Great Britain, that though a good constitution had been drafted at the Quebec conferences, the imperial authorities would change and alter it at will. You know what happened. We went to Britain and we were treated fairly, generously. All our representations were taken into account. These Canadians, said the British ministers, have come to see us with a ready made constitution, agreed upon after friendly agreement among themselves, the result of a mature discussion of their interests and needs. They are the best judges of what is good for them, let us not undo what they have done and let us approve their confederation.

And even before confederation, most of the great parliamentarians of the day were moved by the same spirit.

On February 6, 1865, the hon. the attorney general, Mr. Macdonald, in a speech which I quote from the debates preceding the adoption of the British North America Act, said:

The whole plan of confederation as worked out by the conference and submitted by the Canadian government for the perusal of the people and of the legislature is in the nature of a compromise. I do not hesitate to repeat it, there has been of necessity many mutual concessions.

Such a project may be considered as a treaty passed between the different provinces, and if any serious change is made thereto, every one of the colonies will feel itself absolved from the implied obligation to deal with it as a treaty and will be in a position to amend it *ad libitum* so as to suit its own views and interests; all our works will remain fruitless and we will have to start all over again and to work out a new treaty.

As evidenced by page 81 of the same volume, Sir Etienne Tache stated, on February 8, 1865:

I must declare that the scheme must be assented to or rejected as a whole because it is the result of deliberations not only of the Canadian government but of the other provinces as well.

And the Hon. Mr. Brown spoke along the same lines when he said:

Whether we ask for a parliamentary reform for Canada only or a union with the maritime provinces, the views of French-Canadians have to be ascertained as well as our own. This plan may be adopted, but no plan not assented to by both sections could be approved.

And the Hon. Sir Etienne Tache said on February 16, 1868—I am quoting from page 243:

Thus, honourable gentlemen, the proposal now before you is not so much the work of the Canadian government, but the collective effort of delegates from all provinces in the form of a treaty.

On the motion for second reading of the bill, in the House of Lords, as stated on page 27 of a book by the Rev. Father Ares S.J., entitled "Confederation: Law or Compact", even Lord Carnarvon said the following:

The Quebec resolutions are, with a few small amendments, the basis of a legislation that I now have the honour to introduce in parliament. These resolutions have been agreed to by all the British provinces of North America and the legislation based on these resolutions must be accepted as a treaty of union.

To those facts which establish that the treaty has really been a pact between the provinces can be added the opinions expressed on direct taxation even before confederation by the fathers of confederation. I shall quote the statement made on February 7, 1865, by the Hon. Mr. Galt, which can be found on page 68 of the report of the debates preceding the passing of the British North America Act:

The transfer to the general government of all of the main sources of revenue and—with a single exception, that being the field of direct taxation—of all the means which can be used to have the industry of the nation help meet the needs of government means—the fact will be evident to anyone—that part of the resources placed in such a way at the disposal of the general government will have to be used one way or the other to fill the gap which inevitably will be created between local revenue and local expenditures.

Mr. Speaker, that statement was made in 1865, even before the pact of confederation was signed. I have been unable to find any other statement which at that time could have been interpreted otherwise. It seemed evident that in the spirit of the fathers of confederation the right of direct taxation should be reserved solely for the provinces.

Mr. Paquette, who then represented Lower Canada, made a speech on March 8, 1865, reported at page 795 of the debates on the confederation of the British North American provinces. He was speaking precisely of direct taxes. After compiling various figures, he predicted a deficit of $485,078 for Lower Canada. He stated:

Mr. Speaker, how can we overcome that deficit unless we resort to direct taxation?

And he added:

The Minister of Finance states himself that the federal legislature will have the power of resorting to all taxation systems it may deem advisable to meet the expenses of its administration, while local legislatures will have to resort to direct taxation for the same purpose, if their revenues are not sufficient.

Mr. Speaker, surely one cannot find more frank statements. Well, those statements were made even before confederation, even before the present discussion was started, even before the government decided to nego-

tiate fiscal agreements, and we find that, in the minds of the fathers of confederation, the provinces had a prior right to direct taxation.

And yet, the Minister of Finance dares contend that the question of priority has no basis, neither *de facto* nor *de jure*. Section 91, in the light of section 92, either states a general rule, or constitutes a contradiction, which is inadmissible on the part of the fathers of confederation, particularly in view of the fact that the numerous debates on confederation dealt with the necessity of safeguarding the prerogatives of the provinces. Reading the speeches contained in that volume, one finds that, for all purposes, no speaker suggested that any of the provinces could keep its prior rights, its prerogatives. We cannot admit that they made a mistake, or intended that section 92 should be inconsistent with section 91.

We must therefore admit that section 92 sets forth exceptions to the general application of section 91; that it is a clarification of it. And section 92 does state that direct taxation is exclusively a provincial matter. The word exclusively is important. No mention has been made of it in the speeches of the government supporters since none of them could interpret it in a sense favourable to centralization.

After confederation political figures of every party continued to make statements to the same effect. Here is what I find in the debates of the House of Commons for February 18, 1925. The Right Hon. Ernest Lapointe is quoted as follows:

> I may say that every time an important amendment was made it was first submitted to the provinces. I do not think there are many cases in which an amendment has been asked to the British North America Act without communicating with the provinces. If it was done it was only in cases where there could be no possible objection on the part of the provinces.

And the same gentleman also stated:

> It is somewhat strange that one of the parties to the convention should study the methods of amending the pact without inviting the other parties interested to participate in the discussions.

Again the Right Hon. Mr. Lapointe stated, on February 18, 1925, once more according to *Hansard*, at page 300. The minister of justice mentions those words, after quoting the opinion of Mr. Churchill stating that the construction of "pact" given to the confederation by public men in Canada was also the one of the public men of the empire. Then he adds: "That was the interpretation accepted by every interested person in Canada, it is the opinion of the public men in the provinces."

Perhaps it will be alleged that precedents altered the constitution without consulting the provinces. I shall answer through Lord Sankey who stated in 1932, as found in Appeal Cases, 1932, pages 54 and 70:

> Inasmuch as the act embodies a compromise under which the original provinces agreed to federate . . . the process of interpretation as the years go on ought not to be allowed to dim or to whittle down the provisions of the original contract upon which the federation was founded, nor is it legitimate that any judicial construction of the provisions of sections 91 and 92 should impose a new and different contract upon the federating bodies.

As may be seen, Mr. Speaker, there has been a continuity of views amongst all members of parliament of both parties which have held power since confederation; but all this has become part of the fiscal structure of confederation. Yet some have tried to consider the confederation act as a law, subject to modifications, which could be changed without consulting the provinces.

Well, I know, of course, that the partisans of centralization do not all support the principle of the central government's supreme authority, which enables it to amend the confederation act without the agreement of the provinces; but they approve of a federal law reducing to 5 per cent the rate of our direct income taxation in the provinces. They are blaming a province which did not ask Ottawa's permission to exercise its own right. They dare not deny a province the right to levy taxes, but they dictate a limit to this right. They admit provincial taxation, but as a supplementary one, that should raise no issues with the federal treasury.

Yet it was a distinguished Liberal, the Right Hon. Ernest Lapointe, who declared on February 1, 1937, as may be seen in the official report of the house—and I quote:

> The dominion is the child of the provinces; it is not their father. The fact of saying that we have jurisdiction does not give it. The assumption of powers which we do not have does not give those powers to us.

Let those who have nothing but words of praise for the enticing offer of subsidies pretend now that provinces do not lose their autonomy! The other provinces are now asking the government to raise the subsidies they receive.

The hon. Minister of Finance, if he were premier of a province, would not accept such a situation. I base this opinion on nothing but his own statement to the house last year when he dealt with the question of fiscal

agreements, as can be ascertained on page 2131 of *Hansard* for February 19, 1953. I quote:

> This might never be possible. As a matter of fact, I am by no means sure if I were a provincial minister of finance that I would agree to such an arrangement. I am afraid I would find something repugnant in the idea that an outside body—a board, council or commission—would be investigating provincial affairs and determining the size of the fiscal needs for a particular period which amount in turn would be the measure of the federal grant.

Who can say that within 25 years we shall not have a socialistic government, a government that will decide the fate of provincial autonomy which is supposed to be guaranteed by a pact that can be broken by the more powerful? No Liberal member seems to have seen that; they have acted against the spirit and the letter of confederation and contrary to all the statements and policies of their own party. Instead they saw in Mr. Duplessis, who resorted to the Quebec provincial tax, an opponent whom they wished to corner, even at the cost of penalizing a province at the rate of $25 million per year, thus placing its citizens in an unfair situation and in a position of economic inferiority as far as the other provinces are concerned.

If the Liberal party is so sure that its policy is the right one, why does it fear so much a vote on the matter? Why does it try to transform it into a mere question of dollars and cents, thus shifting the true meaning of the issue? Why have they chosen to act in a way that is evidently contrary to the interest of their electors, preferring to submit to party discipline? Why did the socialists applaud with so much energy? Why did the Quebec press condemn them unanimously?

They have also tried to cast a smokescreen on the matter by speaking of national unity, Quebec isolationism, ultra-nationalist separatism and so forth and so forth.

I am asking you, Mr. Speaker, who is working against national unity? Is it those who urge compliance with the Canadian constitution or those who try to amend it to suit their centralizing policy? The province of Quebec has always found a safeguard to its autonomy within the very framework of confederation and she will never give in to the tantalizing appeal of fiscal agreements. It safeguards national unity within the framework of the act of confederation, which is the constitution of our country.

We shall not cease to labour the point, Mr. Speaker, until we obtain fair treatment for the province of Quebec, even though the only ones to rise to its defence may be the independent members, as well as those too few Conservative members and the hon. member for Quebec-Montmorency (Mr. LaCroix).

[Mr. Girard.]

In concluding, Mr. Speaker, I would like to digress a moment to ask the Minister of Labour (Mr. Gregg) whether the government will soon grant supplementary unemployment insurance benefits.

There are in my constituency nearly 1,000 families who have not received any income since April 15. It is perhaps true that the present situation is merely temporary, but I nonetheless support the request of the labouring people and would ask the minister to keep on paying these benefits for a few weeks at least to families without any means of support.

(Text):

Mr. W. G. Blair (Lanark): Mr. Speaker, the recent budget brought down by the Minister of Finance (Mr. Abbott) some three weeks ago has given considerable time for analysis. One disappointing feature was the fact that there was no tendency revealed to offer assistance to depressed areas.

In former debates in this house I have placed before the house the position of industries in the Ottawa valley and the effect of unemployment, particularly in my own constituency. The Ottawa valley has been known for years as the centre of the textile industry and in that area there is probably the largest concentration of this industry in all Canada. Many mills are closed down through lack of orders, and in the area of Carleton Place and Almonte there are 700 persons unemployed. The greater proportion of these are textile workers. In the month of March last there was paid out in unemployment insurance a total of $40,000. Owing to the fact that steady jobs were not obtainable unemployment insurance has been of marked assistance during a most difficult period.

As opposed to the textile industry it has been argued that the industry has overexpanded; it is not efficient; and has not kept up to date in manufacturing methods. But one very important fact has been entirely ignored, and that is the defence aspect. On former occasions I have placed the position of the Canadian textile industry before this house, but in all fairness to the industry I feel an answer should be given to the arguments which have been presented against it.

Let us first take the question of overexpansion. The industry now supplies less per Canadian than it did before the war, but the per capita share of the domestic market, which has supplied the imports, has almost doubled. There were five per cent more looms and seven per cent more spindles in factories in Canada in 1951 than in 1939. However, it

is to be noted that our population during that period has increased by 24 per cent. It is not true that textile mills have otherwise expanded. It is quite easy to understand the difference between labour costs in Britain and Canada, but it does not fully explain the increase in the United States imports. It is difficult to understand why such an argument can be used in reference to an industry which never at any time had more than approximately 70 per cent of the domestic market.

I would point out that in the period from 1935 to 1939 just prior to the last war Canadian mills supplied 73 per cent of all fabrics which were used on the domestic market. This has now dwindled down to 51 per cent. The domestic market for textile goods is greater than it was in 1939, yet the Canadian industry has a smaller percentage of domestic sales than it ever secured prior to 1939. If the industry over the last three years had been able to retain the former percentage of its domestic sales it would still be in a sound position and could recover its costs and make a profit.

In regard to the charges of inefficiency, I would again point out that this industry since the end of world war II has spent something like $450 million in modern equipment with the object of bringing production in the industry to a high point of efficiency.

It is also charged that the industry has not kept up to date in the use of various fibres. Fabric producers inform me that they are prepared to make goods of any form of fibre, and will produce fabrics of rayon, nylon, or wool, either alone or in mixtures of two or more fabrics, if there is a demand by the Canadian public for such goods.

In spite of the fact that all efforts have been made to produce an effective industry, it is becoming increasingly apparent that our industrialists find it impossible to compete with goods made in overseas countries because our wages are two or three times higher than their wages. In so far as competition from the United States is concerned, distress prices can be established giving a fictitious price, but which have the object and purpose of undermining our Canadian customs structure. It is nonsense to believe that under present conditions Canadian industry can meet price competitions from abroad. No amount of efficiency in industry can cure such a situation. It is only natural that in countries of comparatively low wages goods can be processed and placed on our market to sell more cheaply than our own domestic production.

In so far as wages are concerned, to meet foreign competition would mean a serious reduction in our own wages. Reductions in wages would mean that the Canadian public would not be able to purchase in the amounts to which they have been accustomed. It is due to our buying power that our standard of living has progressed to the point where it now stands. Unemployed workers are unemployed customers, and unemployed customers will mean that more goods will be left unbought, resulting in piled up surpluses or, on the other hand, more unemployment.

On March 4 I asked the Minister of Labour (Mr. Gregg) to state the policy, if any, the department has considered for the re-employment of textile workers in areas of closed factories throughout Canada. In reply the minister said, and I quote:

> When any worker applies to his nearest employment service office for employment, a full record is taken of his work experience, and this information is available in matching men with jobs not only in the immediate locality, but in Canada as a whole. This means that when employment opportunities develop in other industries and those applying for work have suitable qualification, the applicants are referred to them. This applies to alternative employment opportunities which develop in their own immediate areas, or to those which become available in other areas, if suitable workers are not available locally.

In view of the minister's answer regarding unemployment, it is interesting to study the results of a survey conducted in a depressed textile area in New England. This research was conducted by the bureau of business and economic research of Northeastern University of Boston. The object of the survey made a year ago was to find out the position of displaced textile workers. Workers over 45 years of age were having a particularly hard time in finding new jobs. Eighty per cent were drawing unemployment insurance. The majority of the re-employed were earning less than before, and many had been downgraded from skilled to unskilled qualification with a loss of seniority, and very little chance for advancement. Diversification had helped, but new industries are filling jobs with newcomers in the labour market instead of displaced textile workers. Of the first some 156 workers checked, only 5 per cent found jobs in new industries.

In one area in New Hampshire, a town with one mill and 1,500 population, the closing of the mill made idle 200 workers. Some workers were re-employed in a leather products firm which moved into the mill building. Two years after the shut-down a third of the 200 laid off from the woollen mill were still out of work. For the other two-thirds who got jobs, the average period of employment was about five months. Thirty per cent got textile jobs elsewhere, some as far as 64 miles from home; 50 per cent took jobs in a leather products company with downgrading and less pay, and 20 per cent got a variety of other jobs.

The problem of unemployment in the textile industry is serious, and the continuing maintenance of the textile industry under adverse conditions is extremely difficult.

If Canadian textile manufacturers are to maintain their position in the domestic market, there should be full realization of their attempt to do so in competition with other countries with lower wage standards and cheaper production costs. The present adverse conditions in which this industry finds itself cannot be entirely overcome by improving the efficiency of production. As I pointed out, they have spent $450 million to improve efficiency and to lower costs. It is becoming apparent that if these mills could retain their pre-war share of the domestic market, it would lessen their difficulties because production and volume are necessary to make business a profitable operation.

I again bring the position of this important industry to the attention of the government. I am fully aware of the desirability of exploring all possibilities and channels of international trade. When I spoke on this question earlier in the session, as reported at page 402 of *Hansard*, I stated:

> I do not believe it is advantageous to the economy of this nation nor do I advocate a high protective tariff policy for this or any other industry, because such a device can only provide stability for an uneconomic unit at unwarranted high cost to the Canadian consumer of the products which the industry produces.

At that time I suggested that a study be made of the duty on all fabrics coming into Canada. The textile industry is not the only industry which today finds itself in difficulties with regard to foreign imports. A careful analysis should be made of Canadian industry, and this analysis should take into account the consumption level of the domestic market, price structures, production capacity and, most important of all, the element of defence.

There are many manufacturers in Canada who do not worry about foreign competition, but they are worried about foreign industries using the Canadian market as a sales outlet for distress goods. There is little protection against foreign goods offered in Canada below the competitive price here or in the country of their origin. Countries exporting to Canada do this to avoid disturbing their own home market. Textiles, stoves and refrigerators have been principally affected.

As far as tariffs are concerned, they should not be so low as to cause failures of efficiently operated Canadian businesses, nor so high that inefficient producers could still remain in business. If such an approach could be made to the problem of Canadian manufacturers, then it could be reasoned what industries should be protected, the amount of their protection, and the position of other industries which are not entitled to any protection at all.

I suggest, Mr. Speaker, that a board consisting of trade officials, and research and efficiency experts would be an advantage. Such a board could make inquiry into the causes of failure, or of inability to meet competition of certain industries, and make recommendations to increase efficiency or suggest certain changes in trade agreements which would enable such industries to manufacture in a competitive market.

I now approach the problem of another type of industry which has been manufacturing in Canada for many years. This industry was developed in early years by Canadian manufacturers and, according to the requirements of that time, was confined principally to the making of stoves. Since that time the industry has kept up to date in all modern developments in heating and has expanded in various factories throughout Canada. Employment dropped by 26 per cent and business prices are down 17 per cent since last year. Canadian manufacturers in this line—and I include refrigerators—are supplying less than half the domestic market in Canada. The position of our Canadian dollar has had its effect because it now commands up to 3 per cent premium. When United States money had a 10 per cent premium it acted as a protection for the Canadian manufacturer.

In the year 1952 the United States exported 2·7 per cent of the total production of gas ranges in that country. Production is much greater in the United States than it is in Canada, for in the same year manufacturers there produced 38 units for every one sold by Canadian manufacturers in Canada. Another 2 per cent of the United States production would destroy any further business of the Canadian manufacturer in this line. At present, merchandise of this type is coming into Canada at prices which are very low even in the United States. Apparently it is the practice for United States manufacturers to sell several carloads to a distributor in that country at a low price. This low price is the one which is used for duty purposes in Canada for single carloads or when selling to large retailers or distributors in Canada.

Canadian manufacturers are looking for a fair market value to be used for duty purposes. If that could be obtained, Canadian manufacturers could carry on and would not find the competition too severe from merchandise which is coming in at prices which are very low even in the United States. The valuation for duty is the crux of the matter. In order to meet competition, Canadian manufacturers would favour a method

in which the value for duty would be the fair market value of similar goods sold for home consumption under fully competitive conditions averaged over a six-months' period in the country of origin.

Gas ranges averages show that imports received over 80 per cent of the market, and the same percentage would hold good for oil space heaters. The Canadian manufacturer is at another disadvantage in that manufacturers in the United States can spread their die and tool costs over large quantities of a model on account of the large market. In Canada where the market is about a tenth as large as that in the United States, the die and tool costs are high. This situation is shown in the fact that in 1952 2,085,385 gas ranges were sold on the United States market while 55,407 were sold on the Canadian market. Therefore it can be appreciated that unit costs of Canadian manufacturers would be much higher. It only requires a small percentage of United States production of gas ranges sold at low prices in the Canadian market to flood our market and embarrass our Canadian manufacturers.

It is to be noted that due to the building of natural gas pipe lines across Canada natural gas will be available to Canadians at low prices. Unless some relief is given to Canadian manufacturers in this line, very little of the market for gas ranges will be available. Some change will have to be made in customs regulations to place them in a competitive position. At present the United States stove manufacturer is able to sell at prices in Canada that have made heavy inroads in the Canadian market. As in the case of textiles, we should again consider the element of defence. Plants of the type I have mentioned engaged in the manufacture of stoves, etc., are well equipped for the fabrication of steel. If it were necessary these same plants could convert rapidly to the production of defence material.

There would seem to be no plan to deal with unemployment. The Minister of Trade and Commerce (Mr. Howe) told a delegation that if they lived in a depressed area they should move to another area where they could get work. The Minister of Labour stated in answer to a question I asked regarding unemployed textile workers that the federal government was willing to co-operate with provincial governments regarding the location of new industries. The present unemployment stems from federal government policies. In the Ottawa valley, where there has been a concentration of textile factories, there should be an all-out effort to place new industries. Conditions are ideal for manufacturing in this area, and this should be considered in conjunction with a policy of decentralization.

So far as meeting competition is concerned, taxes add to the cost of production and our industry is again placed at an unfair disadvantage. Not only the industry suffers but unemployment is created. High corporation taxes will obstruct industrial growth and industry will not find it profitable to take risks. Excessive taxes do not permit sufficient earnings for industries to expand. The buying power of the nation shrinks resulting in unemployment and the further curtailing of industrial expansion. Increased consumer buying power would stimulate industrial expansion and create more jobs which would be available to those who are unemployed at the present time. Steps taken towards lowering the taxation against production costs in industry would help our industries meet competition not only in the domestic field but also in the export market.

It is to be regretted that there is no mention of economy in the budget. Every year the government finds that the Canadian taxpayer must produce more money. In 1952-53 they required $4·6 billion. In 1953-54 they required $4·9 billion and again there was an upward move to $5 billion in 1954-55. I point this out in view of the fact that defence expenditures will be down $126 million. Last summer we were given to understand that taxes would be reduced in accordance with defence expenditures, but instead of being reduced $126 million they are actually down about a third of that, or $40 million. Taxes can defeat their own ends, and if they are levied at too high a rate they can decrease production and expansion in industry and in the end produce less revenue than somewhat lower taxes. Certainly the corporation tax at 49 per cent leaves little room either for industrial expansion or to meet foreign competition.

I am concerned about the surplus of farm products in the United States. The grand total is over $2·7 billion in value. Included in the list are dairy surpluses, $382 million; vegetable oils, $235 million; wool, $62 million; and grains, $1·91 billion. Under their present program part of the surplus could be used as a strategic reserve. The dairy surplus is held in the form of butter, cheese and dried milk, but even if they retain part of the surplus as a strategic reserve the rest will be sacrificed, and there are indications that it will be disposed of at a loss.

It has already been proposed to get rid of some of this surplus by greater sales to foreign countries at market prices which are

below United States prices. In so far as the Canadian dairy farmer is concerned, there is no likelihood nor possibility of the export of their products to the United States. This again brings up the question of the British market. The Canadian dairy farmer is already under severe competition from edible oils. The only market of which the dairy farmer is assured is the domestic market, and even this is under competition. Lack of suitable markets will mean uncertainty in the industry which will be reflected in lack of buying power for the products of Canadian industry.

At six o'clock the house took recess.

AFTER RECESS

The house resumed at eight o'clock.

Mr. R. R. Knight (Saskatoon): It is always an interesting event in this House of Commons, Mr. Speaker, when the Minister of Finance (Mr. Abbott) brings down his budget. I have often said, and I have often written, that I feel it is the night of nights in the House of Commons when the people of Ottawa show some interest in the proceedings of this house. I suppose these people are, to some extent at least, representative of the people of Canada. On budget night, therefore, they usually crowd the galleries and even stand up, something that I never quite understood because I know they could get the main points of the budget just as easily and as quickly if they stayed at home. However, for some reason they come.

I believe it was noticeable this year that there were very few people here on budget night. I take it they expected practically nothing, and if I may say so, that was just about what they got. It was a very tame budget. There was nothing inspirational about it, and I imagine that is one of the reasons we have not had many inspired speeches. The minister will forgive me—

Mr. Abbott: Are we going to get one now?

Mr. Knight: —if I say that other people have told me they are getting accustomed to his cyclical budgeting. Some people have even ventured to say his are political budgets. People naturally supposed that this was not a year in which anything might be handed out to the Canadian people. When I say "handed out to the Canadian people", that is not a proper term to use because we know that any relief we get at budget time is as a result of money which we have already contributed to the public purse. A government has no money except what it extracts from its people.

At any rate, we were faced with a budget of $4,600 million, of which 43 per cent was allocated to defence. Even while the minister was speaking with his usual optimism—it is a great thing to have optimism, and I wish we could have it with some justification at the moment—I could not help but think about the state of the country. This was brought to my attention when I was at home during the Easter recess. One could not help but notice that it was not a spirit of optimism which prevailed.

One or two of my bank manager friends talked very seriously about the situation, and pointed out how slow business was, and how credit had been curtailed, particularly at the country points which are serviced by the wholesalers in my city. This curtailment of credit had forced the merchants to go on a cash basis, and their customers were suffering a great deal because they did not have money to purchase things. Many farmers had the equivalent of money, for in many cases their granaries were bulging with wheat, but as this house knows very well it has been difficult to sell that commodity in recent times.

At one point during the journey home I saw twenty railroad workers who had been discharged on that particular date getting off the train. My own city is rather susceptible to that sort of unemployment because it is a railway centre. Business conditions in the country are generally reflected by the business that the railroads are doing. Of course, this extreme optimism, which is characteristic of the Minister of Finance, is not confined to him. I suppose the Minister of Trade and Commerce (Mr. Howe) might be called the supreme optimist of Canada. One or two other cabinet ministers are optimists too.

I recall certain optimistic speeches that were made by cabinet ministers in my city just before the election. There were five of them who visited my town in the period before the election, and with my usual modesty may I point out that I am now returning their visit. They were very optimistic at that time, and could see no reason for gloom. I notice the Secretary of State (Mr. Pickersgill), our new and junior cabinet minister, is also optimistic. I note in a clipping I found this morning in a Vancouver paper that they actually call the junior cabinet minister the prime minister "designate". The article says he is in no hurry to take over, and I would suggest that is a good idea on his part.

The Secretary of State was very optimistic about the state of the nation and particularly in regard to export trade. One comment in

reply to his optimistic remarks in this paper was to the effect that preliminary figures issued by the bureau of statistics showed that exports for the first quarter were actually down from the same period in 1953. However, the Secretary of State says this:

> I am a politician, not a business forecaster, but I do not mind saying export trade is holding up very well and shows no sign of setback.

The two articles were side by side or nearly so in the same paper.

Just as a personal note, and it has no bearing on the question, I should like to comment on the statement of the minister that he is a politician and not a business forecaster. He had been talking about the hon. member for Vancouver South (Mr. Philpott) and the hon. member's remarks concerning radio and the private ownership of television. According to the Vancouver paper, the minister said that he and the other cabinet ministers always listened very attentively to members of parliament such as the hon. member for Vancouver South and that the government always listened to what members of parliament have to say, especially when they are members supporting the government. I would suggest that statement from the junior member of the cabinet proves that he was right when he said he was something of a politician rather than an economic forecaster. However, I did not take the statement of the minister too seriously.

I should like to comment now on the statement that export trade is holding up and the fact that our trade generally is good. We in this group, of course, have always been known as being full of gloom. If the minister would study the statistics put out by the dominion bureau of statistics he would find that the figures do not bear out his statement as to export trade, but they would bear out his statement that he is not an economic expert. This D.B.S. bulletin of April 26, 1954 in my hand has to do with the same export trade the minister was talking about. It says:

> There were 66,274 cars of revenue freight loaded on Canadian railways during the week ended April 14 as compared with 73,227 in the same period of 1953, bringing the cumulative total from the beginning of the year to 969,605 cars as compared with 1,052,441 a year earlier.

Those of us from the west are interested, of course, in grain loadings. I see in the third paragraph of this same bulletin a reference to reduced loadings of grain. Well, we do not have to be told about that. The paragraph to which I refer is as follows:

> Reduced loadings of grain, miscellaneous car loadings and less-than-carload merchandise contributed to a drop of 1,722 cars in the western division to 22,912 cars for the week.

Then it goes on to say that coal shipments were up to the extent of 209 cars.

Well, that is not a particularly bright picture. Yet, our cabinet ministers go around the country trying to keep the people cheerful and to keep them satisfied with the administration that happens to be in office. For instance, during the Easter holidays the Minister of Agriculture (Mr. Gardiner) was out in the west. May I say I was pleased to see him in his seat today, and to note that he has made such a good recovery from his recent illness. He always seems to thrive on political activity, and perhaps that is one of the reasons he is looking so well after the Easter recess.

Perhaps I shall return to that point again. Meantime I should like to refer to a clipping I have obtained that deals with the subject of credit buying, and appears in this evening's issue of the Ottawa *Journal*. It bears the heading: "Credit Buying Hits New High at $1,836,000,000." And that is in a country, Mr. Speaker, where we are supposed to have everything, where we have more God-given natural resources than any other country in the world. Yet we cannot buy the proceeds of our own production, and have credit buying to an amount of $1,836,000,000. The article says:

> The amount of money Canadian consumers owed for the things they bought on time rose by $59,000,000 to a new high of $1,836,000,000 in the final quarter of 1953.

Does anyone suggest that the people took a sudden splurge of extravagance in that particular time, or does it not indicate that they were short of purchasing power? The article says:

> A Bank of Canada survey, contained in the bank's monthly statistical summary, showed that the rise in debt continued in most sectors of the consumer economy—with the exception of buying on time through finance companies which largely finance automobile sales.
>
> Consumer borrowing from banks and other credit institutions was up, and so was buying through the use of charge accounts and instalment plans in retail stores.

I suggest that is not an indication of a very healthy state in our country at the moment.

I should like to say a word or two about the budget itself. I suppose the main feature was the reduction of the excise tax from 15 per cent to 10 per cent on certain goods, and in addition to that the abolition of the 15 per cent excise tax on some goods. This latter group consisted chiefly of luxury items such as electrical supplies, if those can be classified as luxury items. May I say that they are luxuries for a great many people in our country. Then, furs came under this same category.

However the income tax remained the same, and the 10 per cent sales tax was not changed. I thought as I read the items that some relief might have been given on the necessary articles of daily use. Anyone who will study these items, with particular reference to furs or even electrical equipment, will find that relief is given on goods that are purchased only once or twice in a lifetime, or on those which many people cannot afford to buy at all. I should have liked to see more relief on the smaller items, the day-to-day purchases of the ordinary family. These however appear to have been neglected. The items on which the excise tax has been reduced are those which people of moderate incomes either do not buy at all or buy only once or twice in a lifetime. The relief on the smaller items is so small that it will never be handed down to the consumer. For instance, let us take the small reduction on the price of the gas, or whatever it is called, that is used in the manufacture of soft drinks. The reduction is so small that it certainly will not amount to as much as one cent a bottle in the price to the consumer, and will be absorbed at some other point, perhaps in the profits of the wholesaler or the manufacturer

As I have said, there is no relief in the income tax schedule. It remains the same; and so does the sales tax. I was glad to note that the minister saw fit to reduce the taxes on municipally purchased and used machinery. For many years in this house I have been suggesting that if we want to encourage small towns to have proper fire-fighting equipment there should be no taxes levied against those machines. I congratulate the government and the minister upon having given this measure of relief.

However I am not so happy about the sales tax on other items, because I feel it is inequitable. This is true, of course, in respect of all sales taxes. They become a heavy burden upon the people in the lower income groups. When a man is spending practically his total salary on food and clothing, when he is paying rent and raising a family, practically the whole of his income is subject to sales tax. The people of Canada generally do not know that they are paying this sales tax, at all. And that is my second objection, namely that such taxes are hidden.

Unfortunately we have a sales tax in Saskatchewan—and I hope they will be able to get rid of it some day. However there is some excuse in the provinces for putting it on, because they do not have the wide taxing powers of the dominion. But when a man pays the provincial sales tax he pays two or three cents over the counter and is perfectly conscious of the fact that he is paying that tax. On the other hand he knows nothing about the dominion sales tax. He simply pays his bill over the counter, the tax having been imposed at the manufacturer's level, and he does not know that he has been mulcted of that particular amount. As I have said, this tax falls heaviest on those who are least able to pay.

Another objection I have to the budget is that there were left in the taxing structure certain injustices perpetrated the year before. One of the most amazing of these features, and one hardest to explain, because it is somewhat technical, is the fact that a man who draws his income solely from dividends on corporation shares pays no income tax at all, with the exception of the small tax he pays to the old age pension fund. That is something that is almost incredible to most people. I do not wonder that they have difficulty believing it.

The day before yesterday when I made out my income tax return I discovered that —hon. members will laugh at this; all right, let them laugh—I was able to deduct $4.40 or $8 something, I have forgotten, not, sir, as a deductible amount but I was able to deduct that amount of money actually from the tax which I was assessed. To me that was an amazing thing. I think it is wrong. The minister of course will say that the funds have already been taxed in the hands of the corporation, and that if we were to adopt my suggestion to tax it, it would be double taxation. I do not want to go into that argument although I believe that I could probably expose it as a bit of a fallacy. I do not mean it is a fallacy that the money has not already been taxed. But in its relation to individuals, when we are talking about the income coming from investment or coming from work, and showing there the contrast, then I say there is an injustice. As a matter of fact, while the man who has an income of $10,000 derived in the way in which I have indicated would pay practically no income tax, it is also true that the man who worked for an income of $10,000 would have to pay an income tax of $1,650, or something of that sort, assuming both were married and had two children.

As I say, people in the country, audiences, are simply amazed when that fact is drawn to their attention. Some alteration should be made in it. The other inequity of which I was thinking is the fact that there is a ceiling upon the amount of contribution we make to the old age pension fund. Certainly the method by which it is done is quite contrary to our own philosophy in this

particular group. I need hardly relate how it is done, although there may be a few hon. members who are not acquainted with it. Hon. members no doubt know that under the famous 2-2-2 formula the 2 per cent additional tax is put on the income of each individual paying taxes for the old age pension fund, to supply pensions for himself or for other people or for both, as the case may be. Therefore, if you have $1,000 taxable income you pay $20. If you have $2,000 taxable income you pay $40; if you have $3,000 taxable income you pay $60. Hon. members would expect it to go on and rise so that when you got to $4,000 or $5,000 taxable income you would pay a proportionate amount. But that is not how it works. In other words, there is a ceiling, and when you have $4,000 taxable income you do not pay in proportion to your ability to pay; you simply stop right there, and if you have an income of $10,000 or $20,000 it does not make any difference, you pay the little sum of $60 only into the old age pension fund, in spite of the fact that you yourself are entitled to $40, the monthly pittance, that we pay to old people who have no source of income at all.

There are those privileges to those people. I know the minister does not so consider them. He is thinking about the whole thing and the collective picture, the actuarial basis and all the rest of it. I am thinking of the human beings who are affected by that particular thing. Some provision should have been made in this budget to remove that ceiling. Along with that there should have been some remission of the sales tax with which I have already dealt.

We would have liked to see higher exemptions in the taxation of the lower level incomes. I think I remember my leader suggested $1,500 for a single man and double that for the married couple. One might say: We need the money; why should we remit taxes of that type? Well, the thought that occurred to me when I began to talk here tonight was this matter of the general picture. It seems to me that the general picture needs some expansion of the purchasing power in the hands of the Canadian people. I do suggest that some remission of these particular taxes would give us a bit of a boost in the matter of putting extra purchasing power in the hands of the people, and it might have boosted our economy and kept it going for at least some time longer.

There is a question with which I have not yet dealt, namely, defence expenditures and the consequent or necessary taxation. I shall admit, of course, that in the present state of the world we must have defence expenditures, but I am just wondering whether we might not have hoped for some reduction; and the question arises in my mind as to how effective any defence expenditure can be in these days, in the light of the new and awful discoveries that science has inflicted—and I use the word deliberately—upon the world. It seems to me that if these mechanisms of science are so awful as they are said to be and if we are committed to spend as much on defence this year as we were last, then we have to face one of two things: Either we must completely change our whole method of defence, if indeed there is any good in doing that, or else we are simply pouring money down the drain by continuing to perpetuate methods of defence which were all right ten years ago but which, in the light of the discoveries to which I have already referred, may be of no value at all.

I am going to suggest that even from the point of view of defence we might be better off in the defence of ourselves by giving to the world, and particularly to some of the underprivileged countries of the world, a feeling of our sympathy and sincerity in the form perhaps of material gifts or certainly technical assistance; and that the best defence that we can have, particularly from the point of view of the Asiatic people, is to give them that knowledge of our willingness to help. We take the view that the creation of friendliness and good will in the world is of more value in the promotion of peace than is the handing out of bullets and of guns and of the implements of war.

That is all I wish to say at the moment, sir, in regard to the budget but I do want to say something about our disappointment—and this applies particularly to the Saskatchewan members of our group—that nothing is being done, and no provision is being made for expenditures in the matter of the Saskatchewan river dam. The people of the province were disappointed. I have been talking to them lately and I know that. I shall not go here into the arguments, shall not describe the drought cycles which have bedevilled our economy over the years in Saskatchewan or instance our need for a greater population, and for a greater diversification of farming, and for the consequent stability that a nation or a state or a province is assured by the residence of people upon the land. I know the right hon. member for Melville, the Minister of Agriculture, was in my own city among other places during the Easter holidays. I have always envied the minister's plausibility and his ability to convince people. It has

been one of the reasons for his political success. I noticed in my local paper, the *Star-Phœnix,* of April 17, a heading which says: "Outlook for dam better." Do you know why these people are convinced that the outlook for the dam is better? It is because the Minister of Agriculture told them so. All right; that proves the thing I have just said. I would point out of course that he has been telling them that for many, many years. I suppose he still thinks it is good for another election, and I would not wonder but that it is. I shall quote a line or two of this clipping:

> The federal government's viewpoint toward the proposed South Saskatchewan river dam appeared to be getting "more and more favourable."

This is quoted as being the opinion of those people who are members of the institution known as the Saskatchewan river development association and who met the minister. When they went out of the meeting they said the federal government's viewpoint towards the proposed South Saskatchewan river dam appeared to be getting more and more favourable every day. What a gift the Minister of Agriculture has. I could go on and read some more of this but I do not think I will.

There is one thing here which is very interesting, and which appeared in the same newspaper. What I am referring to is not a political speech or a speech of any kind made in the heat of the moment by the Minister of Agriculture, but a deliberate statement made by the minister at an interview with, I presume, a reporter on this particular newspaper. The interview carries a very interesting headline. It states: "Ottawa Ignoring Commission's Report on Dam, says Gardiner". With you, sir, in the chair I cannot ask the Prime Minister (Mr. St. Laurent) a question but I am wondering what the Prime Minister's comment would be on that particular statement. Does that headline mean that they are going to proceed with the dam? I take it that the people of Saskatchewan in view of the minister's remarks will not be at all disappointed. I hope that the confidence of the Saskatchewan river dam association is justified.

I do not wish to go into political affairs in Saskatchewan. Certainly I never interfere in provincial-political affairs, but I believe I am entitled to speak in regard to federal-political affairs as they relate to the province of Saskatchewan.

This may be news to some hon. members, and it certainly is news to me, but I understand we have had a distinct resurgence of Liberal-political activity in that particular province. We might notice, for example, that the Minister of Agriculture was closeted with the president of the Liberal association and what we used to call " the machine", though perhaps my hon. friends on the other side of the house prefer the word "organization". However, there have been some signs of political resurgence and particularly in the minister's sphere. I notice, for instance, that one of the chief Liberal organizers, a very fine man and a good fellow in his own right, Mr. Bird, has been put in P.F.R.A.—or is it P.F.A.A.—and then our old colleague, Mr. Dewar, who it might be recalled attained some notoriety in public affairs in this country, has now joined one of the minister's departments, and in fact I believe it is the same one. I presume of course that those gentlemen will be employed solely in the work of their department. These factors are very interesting to me, and I would also like to observe in passing that I notice the minister's picture has appeared in several newspapers including the *Star-Phoenix,* Yorkton *Enterprise,* etc. Indeed, the minister has had a very busy and active time during the Easter week. But who am I to blame him if he hopes to gather in a few votes for the Liberal cause in Saskatchewan, for goodness knows they need them badly enough.

Then there is this question of choosing a new leader and my right hon. friend has always been king of the Liberals in Saskatchewan, and he is not particularly fond of crown princes, as at least one hon. member of this honourable house is well aware. Whether the leader of that party is Dr. Thomson on the one hand, or my right hon. friend's son on the other, I would suggest that the direction of that machine will be retained here in Ottawa which, incidentally, is one of the things of which some of my young Liberal friends who are voting for his party are not too fond at the moment. They are inclined to say, rightly or wrongly, that direction from Ottawa had perhaps something to do with Liberal misfortune in both provincial and federal elections of last year. However I am not competent to judge that and I simply throw out the idea.

As I said before, I have no objection to the minister catching a few Liberal votes if he can get them by promising this dam, so long, and only so long as the dominion government finally carries out its promise and builds the dam. After all, we do not want to wait until we are all dead. We want to see the results of this project on those at times arid plains. Whatever may be the minister's motives, the main thing is to encourage construction of what I think would be a national asset, and if he does succeed in gathering in some votes, or even if he does not succeed

at all in making capital and gathering in a few extra Liberal votes, there is always the greater compensation.

I have no doubt most hon. members are acquainted with the story of Saul who was sent out to gather in his father's asses and succeeded in founding a kingdom. I hope that that is the fate which will befall my right hon. friend the Minister of Agriculture and I hope the job will be done. After all, the main thing is to found the kingdom, and I hope that that will be done in the province of Saskatchewan and water should be brought to those plains.

This has been a subject which has been discussed in this house time and again, and I do not wish to repeat myself, but I think, sir, having at least said a word or two in regard to the budget and as regards this irrigation project, which is particularly near to my heart, and the hearts of the people in Saskatchewan and the people in the city who are dependent upon the farm life of the province of Saskatchewan, I shall resume my seat.

Mr. T. H. Goode (Burnaby-Richmond): Mr. Speaker, I am not going to make a political speech as did the hon. member who has just resumed his seat, but I have two items of interest to my constituency which I wish to bring to the attention of the house. One is firmly entrenched in the political life of British Columbia though I believe it should not come under a political heading, and that is the question of the years-old problem of the Marpole bridge. My riding is on the south end of what perhaps can be considered the terminal for that bridge, and if you visit in the Vancouver, Burnaby or Richmond areas you will find a different rumour at every corner of every street in the riding to the effect that the provincial government of British Columbia is going to do one thing and the federal government is going to do another.

The truth of the matter is this. I sincerely believe that the Social Credit government of British Columbia intends to build a bridge at Marpole, and I believe, although I did doubt it for some months, that they are genuine in the news they are giving to the people of British Columbia in regard to the bridge.

An hon. Member: They are all genuine.

Mr. Goode: That may be so, I do not know, but in this case I believe they are sincere. However, I believe the provincial government of British Columbia cannot build that bridge alone, nor do I think it is entirely a British Columbia responsibility. Today I received the latest report of the North Fraser harbour commissioners, a federal body the majority of whose members are appointed by the federal government, and on page 5 of their 1953 report they state:

> The Marpole bridge suffered considerable damage throughout the year as a result of collision by scows and log booms. The most serious disruption occurred during the month of December when road traffic was closed off for a period of eight days for replacement of one of the truss span piers. The movable span opened for river traffic 6,691 times during the year,—

That is the year 1953.

> —an average of 558 openings per month. 664 openings were recorded in October, the highest month of the year.

Then they go on to say this, and this is a federal commission reporting to the parliament of Canada:

> A company of consulting engineers was commissioned by the provincial government in November to make preliminary studies for a high level highway bridge over the north arm of the Fraser river, approximately 270 feet east of and parallel to the existing B.C. Electric Railway bridge, crossing near the foot of Oak street.

And it goes on to say that the commissioners have given certain permission to the provincial government to do their preliminary that the bridge will be built if the province of British Columbia receives financial help from this parliament. Some time ago hon. members from British Columbia discussed this matter in brief and it was said by a gentleman on this side of the house that there had been no contact between the British Columbia government and the federal government with regard to the cost of the Marpole bridge. I find out that that is true. I spoke at Sea Island last Saturday night and I said certain things to the people there whom I represent in this house. In part this is what I said. I said that I would support a financial contribution to the bridge from the federal government if certain things were done. These were the specifications with which I qualified my statement: (1) that the bridge be built at Oak street and nowhere else; (2) that the bridge be not a toll bridge; (3) that the provincial government submit to the federal cabinet at the earliest opportunity full plans, specifications and firm costs of the structure; and (4) that the bridge be constructed by the firm giving the lowest tender.

I support in this house at this time, if these particulars are carried out, a contribution on the part of the federal government of one-third of the construction cost. I believe that the provincial government has a financial responsibility in the matter. I also think that the city of Vancouver has a responsibility. I would suggest to the federal cabinet that negotiations be started just as soon as the

provincial government of British Columbia bring forth specific plans for the structure. At that time I will support in this house again, should the necessity arise, a contribution from this house of one-third of the cost.

I wish to bring to the attention of the house one other matter which also interests the municipality of Richmond. The Minister of Public Works (Mr. Winters) will remember that in 1948 a disastrous flood struck the Fraser valley country in British Columbia. When the water had receded and the people had been sent back to their homes with those homes repaired, the cost to the people of Canada was $8½ million, and the cost to the government of British Columbia was an additional $2¾ million, a total of $11¼ million altogether. The minister will know of the final report of the Fraser valley diking board, dated March 1, 1950. In that report they make two very definite statements. On page 11 the board suggested that it would provide rockwork on the river banks where the dikes were in jeopardy from river erosion for five years after the date of the report; and on page 17 they say:

> Every winter and every spring there exists in the Fraser river basin enough snow to cause a disaster. The timing of the melting of this snow is in the hands of Providence, and engineers can only be guided by the law of averages.

I bring this report to the minister's attention because the municipality of Richmond, which I have the honour to represent in this house, has for the last three or four years made representations to the Minister of Public Works pointing out to the department that the dikes in that municipality could not withstand a serious spring freshet. On February 11, 1952, the reeve and council of the township of Richmond sent a brief to the then minister of public works in which they outlined their concern over the serious dike break that had taken place on January 14, 1952, in the municipal dike in that area. They pointed out that serious erosion was evident along the north bank of the south arm of the Fraser river, which is the main channel. When the dikes were originally constructed by the municipality they were built 100 to 300 feet back from the river and now in many places the foreshore has entirely disappeared and the dike is now on the edge of deep water. In other places the existing foreshore is being rapidly eroded.

The house will please understand that practically the whole of the area called Richmond is under high water level, and forty years ago the people of that municipality built the dikes to protect themselves against a spring freshet. These dikes were then, and still are, owned by the municipality; and it is to the credit of this government that some thousands of dollars have been spent on rockwork facing the river to protect the dikes. I wish to present to the minister today my sincere concern and the concern of the municipality that the time is coming when the Richmond municipal dike will not hold and a break will occur. If that happens, a disaster of serious consequences will have hit British Columbia, and many millions of dollars will have to be spent by this government to protect the investment by many small householders and farmers in Richmond.

The diking board says that "every spring there exists in the Fraser river basin enough snow to cause a disaster". I have repeatedly warned in this house that one of these years the freshet on the Fraser river will be of such density and force that the old municipal dike will not hold. Because we have built first-quality dikes in the upper Fraser valley the seriousness of the situation in my riding is more pronounced because now extra pressure will be put on the dikes in the delta of the Fraser river. Should the weather in British Columbia turn exceptionally warm, as it did in 1948, then the present protection cannot defend against a disaster of the first magnitude.

I wish to follow along my argument with a description of what is happening from the gulf of Georgia eastward to the city of New Westminster. There is no doubt that New Westminster will become one of the greatest fresh-water ports in Canada. It is not unknown for four hundred deep sea ships to berth there in one year, and we in Burnaby-Richmond rejoice that this should be so. I point out to the minister that the work that is progressively being done from the gulf of Georgia to New Westminster is being done to protect that New Westminster harbour. The Fraser river channel has shifted many times in the last fifty years; and to make sure that deep sea boats could enter the port of New Westminster it has been the policy of the public works department to close in the shores of the river to maintain density of current that will carry with it to the sea the silt that has been building up over the years, and that which comes down from the headwaters every year. Actually what the department is trying to do is to scour the river bottom so that our costs of dredging will not be, as they were for so many years, millions of dollars per year.

And so the department has embarked upon a policy on the south bank of the main channel to put a rock embankment up to the height of 12 and 14 feet in some places, not only to protect that shore but to keep the current in a confined area. I say this is all

being done to enable the city of New Westminster to fulfil its destiny as the greatest fresh-water port in Canada. I support that idea and I believe that any moneys that can be spent on the main channel of the Fraser river to enable boats to enter the New Westminster harbour should be spent—always remembering that Richmond, too, has deep water anchorage—and it will always receive the approval of the people of Richmond and the member for that riding.

However, in building up the south bank of the main channel the department did not figure that the current of the river would be changed, but it has changed and now the north bank, that which borders the municipality of Richmond, from Woodwards Landing west is receiving most of the force of the current and gradually that shore is being eaten away, in some places to the extent of 300 feet. It can be noted here that 25 foot depth channel markers have in the last ten years moved 400 feet closer to Lulu island, proving my point that the shore of Richmond is taking the full force of the current in certain places because of the policy of the department in building strong rock protection on the southern shore.

I have no argument with the work being done by the department. I believe that the sooner they confine the main channel of the Fraser river to a static position the better it will be for everyone concerned, but I do report that the Richmond shore is taking the full brunt of the current at this time. The department has also constructed wing dams along the river which are assisting the rock protection on the south bank to throw the force of the current into Richmond and, as I have said, I doubt that the municipal dike will hold for too many more freshets.

I readily agree that considerable rockwork has been done on the Richmond shore, to the credit of the department, but for another $1 million spent now full protection could be afforded the people whom I represent and their homes would be secure from a serious flood in some spring that will come just as surely as will come tomorrow morning. We have been doing some patching on my side of the river acknowledging, I think, that we have a federal responsibility to the people of Richmond to protect them against a flood. I do submit to the minister that it is essential that rockwork protection be done to complete a 14 foot rock wall the entire length of the Fraser river shore where it contacts my municipality.

From Steveston to the gulf of Georgia we have constructed two jetties, again attempting to confine the river to allow the silt to move into the gulf. We believe that this work was well done and that the jetties will serve their purpose, that of confining the river in a narrow space, but those two jetties again are going to throw more current force against the Richmond dikes should a serious freshet occur this year or next year.

It seems that it is the destiny of the Fraser valley that when the freshet occurs in late April or early May we also have very high tides, the tides working in a narrow space between the two jetties at the delta and the freshet trying to force itself westward from the headwaters of the Fraser river. The two forces meet between the city of New Westminster and the city of Steveston, British Columbia, and the minister will know that most of this space is occupied by Lulu island, proving again, I think, that now the Fraser valley is protected Richmond too should be protected by a comparatively small investment now, instead of ten times the investment should the dike break down.

In January, 1952, I met the council of Richmond and some of the federal engineering staff at the council chamber when the reeve said:

> I do not want to be an alarmist, but I anticipate trouble down there if something is not done before the freshet.

Mr. Milavsky, a member of the public works staff, said that the federal government were only interested in the river from the point of view of navigation, and that they placed rock only to the extent that it protects the river depth. At that time the official might have been correct. That is certainly not the case now because since then the department has spent many thousands of dollars on channel maintenance and rock protection for Lulu island. The sandbars in my municipality are practically all gone. Some of the rock protection has dropped four or five feet, and had done so at the time we met the public works official in the Richmond municipal hall.

It was pointed out to him then that the increased current in the river was causing undermining of the south arm dikes and, I believe, because of the opinions offered at that meeting someone in the engineering branch changed his mind and the dominion government started doing more extensive rockwork along the north side of the main channel of the Fraser river from Woodwards Landing down to Steveston. The channels between Rose island and Number One island and between Number One island and Woodward island have been closed off, all helping to make the river self-dredging. All this has been done, of course, to increase the flow of the river and not to protect Lulu island.

On March 8, 1954 the reeve and council again wrote to the chief engineer, Department of Public Works, pointing out that the dike

had now been damaged in three other sections, and I understand that one of these sections is to be protected by rock at the earliest possible moment. But these complaints come in from the council periodically because no policy has been laid down with regard to the south side of the main channel, and I warn the house that before many years are over, and unless considerable money is spent, we will have to undertake a bill of repairs and rehabilitation on Lulu island that will cost millions of dollars.

Finally, may I point out, Mr. Speaker, that the provincial government of British Columbia issues a snow survey every month which gives the condition of the snow in the mountains that feeds into the Fraser river. When visiting the river last week we noticed that none of the snow water had started down from the headwaters at this time, and in looking over the provincial report for this month I find that not only is the snow in the mountains much heavier than it was in 1948 but that the water content of that snow is over 23 per cent heavier than it has ever been before. I ask the Minister of Public Works to send his officials to Richmond at the earliest possible moment so that the freshet, if it comes this year, will not flood my municipality.

(Translation):

Mr. Roch Pinard (Chambly-Rouville): Mr. Speaker, when the Minister of Finance (Mr. Abbott) made, a few days ago, his important speech, which contains a statement of the financial policy of the government for the current year, it seemed to me, as it did to others I am sure, that his general considerations on the economic situation and the forecast of budget amendments were of secondary importance, on account of the important decision regarding federal-provincial relations, and in particular relations between the federal government and the government of the province of Quebec, a decision which the minister then made known to the members assembled in this house.

For the past few years, the Minister of Finance had devoted an important part of his speech to an examination of these complicated matters of federal-provincial relations. But the statement of principle which the minister made the other day did have the result of placing in its true light this important problem with which the people of Quebec are now faced.

Canadian citizens living in any of the ten provinces of our confederation, who have at heart the common good, who want this country to continue prospering and developing, who want this nation to prosper in harmony, well-being and, at the same time, unity, are now going through a period of anxiety because of this conflict between the government of this country and one of the most important provincial legislatures.

I do not want to take too much time, but I would like, during the next few moments, to review briefly the facts in the light of which I will be able later on to lay the responsibility where it belongs, and explain the stand I have chosen to take in the present situation.

Since 1867 Canada has enjoyed a federative system of government. That system, which does not offer as many advantages in a compact country whose territory is limited, constitutes, I think, the only system suited to a country like ours where many problems of all kinds—political, geographical, and economic—arise and must be solved in the general interest of the people of this country.

That is no doubt what our predecessors understood when they decided, one day, to unite the pioneer provinces of this country in one whole which at the present time can be described as one of the most perfect examples of a federative state.

Was it a real treaty between the races making up our nation at the time or was it purely and simply an act of the imperial parliament? I will not attempt to discuss the merits of those questions at this time. This seems to me to be a rather useless controversy, one which has so far led us to little else than an exchange of views devoid of much constructive value. Yet I think we should subscribe to the view, and state our belief in this connection, that the British North America Act was born of an agreement between the original provinces, even though it was impossible at the time to provide against every likely contingency.

In any event, this agreement was definite as far as certain essential rights of the French-speaking minority were concerned. It should be impossible to infringe upon these rights even though the language of the constitution could give rise to ambiguities or different interpretations. Those rights, all legislators, whether they be in Ottawa, Quebec, or in any other section of this country, are under the obligation to respect them strictly, to defend them and to protect them in their letter as well as in their spirit.

To those who would challenge the value of the texts themselves, or to the others who would only see therein the guarantee of inviolable rights of the French minority in this country, I shall recall the statement of principle made in 1950 by our present Prime Minister (Mr. St. Laurent), when he said

before the prime ministers of the other legislatures who had met here in this capital, and I quote his words:

> That in no wise runs counter to the firm belief of so many of us that there is something stronger than any legal safeguard, and that is the good faith, the mutual tolerance, and the common understanding which are the highest glory of most Canadians, regardless of whether English or French happens to be their mother tongue.

In that security which is much more reassuring and which springs from a generous and loyal acceptation, by all those who live on our Canadian soil, of that common obligation towards the minority group in this country, Canada has been able to move forward and to grow in concord and harmony.

But I do not want to stray from the subject which is in our minds today and relates to that conflict between the federal government and the Quebec legislature. Let it be sufficient, on concluding those brief remarks concerning the vital rights of the French minority, to reaffirm that this is a sacred trust bequeathed to us by our predecessors and which no legislative power has the right to deny, to scuttle or to destroy.

However, like those who came before us, we want to continue to live under the federative system since it is the sole means for the Canadian people to keep moving forward towards progress in unity, concord and mutual respect.

Our main concern in the present conflict opposing the two governments is the delimitation and the application of fiscal privileges arising from the Canadian constitution.

Any federative system, although it may provide, as ours does, unquestionable advantages, nevertheless gives rise to problems which must be approached calmly and in harmony, but which must also be studied on the sole basis of common interest.

Even though the British North America Act does not make up the whole Canadian constitution, it must nevertheless be recognized that it is in the light of its text and of the application of its spirit that we must examine the various aspects of this disagreement between the Quebec legislature and the Canadian government.

After a serious study of the matter, any unbiased person will necessarily come to the conclusion that although, in the Canadian constitution, provincial rights are set out and clearly determined in a restrictive and complete way, the federal parliament, whose powers are also enumerated, also has a further right to legislate about any matter that is not specifically defined and which remains unallocated. This time, it is a general and exclusive power which is contained in this residual clause which makes up the preamble of section 91, wherein it is prescribed that the federal legislature must enact legislation for the peace, order and good government of Canada. Under the circumstances, it is then clearly a power and truly an obligation devolving upon the federal legislature, because there can be no prosperity or true progress in the country unless the federal government fulfils that obligation. The federal authority must necessarily fulfil that obligation if we want the system to be workable.

In any federative system, it is undoubtedly important, I would say, that it is even essential and indispensable that the local governments be in a position to benefit from the advantages granted them and that they be able to legislate as they see fit, without having the federal government interfere with their legislative enactments. But, on the other hand, it is also essential that in a federated state the central power, the federal government, should be able to legislate so that the legislatures do not permit anarchy to take root in the country.

Therefore, if it is the duty of the federal government—and such is the case—to legislate for the peace, order and good government of the country, it shall necessarily have to ensure uniformity in the progress and development of each of the provinces that make up confederation.

It should not follow, for instance, that certain conditions obtaining in one part of the country should be prejudicial to another part of the country. For instance, if a certain group of people enjoy certain advantages and certain privileges, it is up to the federal government to intervene, so as to ensure uniformity, an essentially identical standard of living, an equitable apportionment of benefits throughout the country.

For instance, if because of circumstances of time and place, one part of Canada happens to be more industrialized, with heavily populated centres, thus preventing otherwise desirable migrations to other parts of the country, the federal legislator must provide, through sound measures, for more adequate distribution, decentralization of wealth, more equitable apportionment of the benefits which the nation must offer not only to one but to all

parts of the country. We have there the structure and the object of the social security legislation implemented by the government, that is to say, old age pensions and family allowances and national health measures which it has agreed to adopt in order to distribute in a more rational and more uniform fashion the advantages resulting from the prosperity which this country enjoys.

It is clear that such measures entail huge expenditures. The federal government must therefore be in a position to obtain the necessary revenue it needs to implement them. A very large proportion of the national revenue has been devoted to this social security legislation and I do not believe that the people of the province of Quebec—the people from any other province, for that matter—would be willing to see the federal government put an end to these measures which have allowed for a fairer distribution of the wealth of this country and through which the Canadian people have been enabled to advance more rapidly and to progress in a more orderly fashion.

Secondly, the federal government has obligations which are perhaps even more serious in the wider field of foreign relations.

Canada, which is essentially a producing country with a great many natural resources and which gets every year a substantial surplus of production, has the duty to facilitate the disposal, the distribution and profitable sale of its products by creating new markets abroad for its commodities.

This policy has always been followed, or rather applied by the party to which I belong, and it can be said that it is because of the action of former Liberal governments who have succeeded each other for many years in this country, or, at least partly because of their action, that Canada is now experiencing such a degree of prosperity. The central power owes it to itself to create and preserve markets abroad, so as to ensure a profitable distribution of our surpluses.

It was Laurier who said, when introducing a measure of trade reciprocity with our neighbours, that it was proper for Canada to create and maintain markets abroad if this country wanted to grow and prosper. It is the very essence of economic progress in this country.

It is undoubtedly what was in the mind of the fathers of confederation because in the Canadian constitution the federal government clearly has the authority, as defined in subsection 2 of section 91, of regulating trade and commerce. The policy of the federal government in that matter will be the very cornerstone of true prosperity in our country and, as a result, in each of our provinces. Again, since it behooves the federal government to formulate the economic policy of our country, this entails large administrative expenses and, in some cases, important capital expenditures, so as to manage this economic planning which comes within the jurisdiction of federal authorities. For that purpose, we must maintain trade missions in other countries, take part in the international monetary and economic conferences, so as to keep informed of the needs of world markets and organize our production accordingly. Here again, we have to draw upon a very large portion of the national income.

But the parliament of Canada must also ensure the security and the defence of the country. I do not think it is necessary to emphasize here how serious is the tension in international relations and how necessary it is for Canada to keep ready at all times to protect and defend itself. Canada, in that respect, cannot live in isolation. It is bound by international commitments, either as a member of the United Nations or as a signatory to regional defensive pacts such as NATO, and our country, on account of that, is forced to earmark an important part of its revenue not only for its territorial defence, but also for the fulfilment of its commitments to the countries with which it has contracted alliances.

Even though a substantial reduction of our defence expenditures would have been very desirable, in order to devote our national revenue to peaceful activities, there is not the slightest doubt that this is impossible for the time being, and that as long as the free world is threatened with another war, as long as our country is open to aggression, we will have to continue to devote a large portion of our national revenue to these purposes. As it is, almost half of our expenditures are used for the defence of our own territory as well as for that of friendly nations with which we have entered into alliances.

Now these obligations of which I have spoken do result from a strict interpretation of section 91 of the British North America Act and more particularly of the residual clause of that section where the

taxation powers of the federal government are defined as unlimited so that our country may be in a position to fulfil such obligations.

The provincial legislatures also have their obligations and in order that they may fulfil them the constitution provides for the method of taxation which they must use. The federal government, according to the constitution, is entitled to use any mode of taxation direct or indirect, that is, any method which it may choose to resort to in order to obtain the money it needs to administer the country. However, according to the terms of the Canadian constitution, the legislatures must levy money through direct taxation, as long as this is only for provincial purposes.

For me it is unquestionable that there is common jurisdiction on direct taxation, that there is concomitance of both governments, but there cannot be, for either system of government exclusive jurisdiction or, if you prefer, prior jurisdiction. There is jurisdiction for the federal government in every case, but it is imperative, in the case of legislatures, that this power of direct taxation be used for provincial purposes only.

The issue therefore is to determine if, in this disagreement between the federal government and the Quebec legislature, the stand taken by the provincial government is not only constitutional but also, and I say especially, really within the spirit of the confederative system under which it is important that we may continue to live.

Nobody denies to the province of Quebec, to its legislature, nor to any of the other legislatures in this country, the right to impose a tax on the income of its taxpayers, for provincial purposes. In the same realm, as I said a while ago, nobody can deny the same prerogative and the same right to the federal government. I cannot see why, for instance, when a provincial legislature would have accepted to invade a field of direct taxation, the federal government should evacuate it.

But since we live in the same country, since we must, as legislators, use the right of taxation but within the limits of necessity, since serious abuses may spring from an abusive mode of taxation or from the method of double taxation, it is important therefore and it is appropriate, whether in the case of the federal government or in the case of a provincial legislature, to accept to make laws only after reaching an agreement, or at least after consultation, so that the taxpayers may not have too heavy a burden to carry.

What has been, in this connection, Mr. Speaker, the attitude of the federal government? I think that, such being the circumstances, it has retained, at all times, a sane point of view. It has always preferred consultation with the provincial legislatures before attempting to use any particular method of taxation. It is for this reason, for example, that it has called federal-provincial conferences where its representatives, having convened the representatives of these legislatures, have explained to them the reasons for which such or such a method of taxation was to be resorted to.

I have no wish to recount the whole history of these conferences. But should those who are interested in this problem, and who are really desirous of resolving the present difficulties, have occasion to speak to the delegates which have sat in at these conferences, these federal-provincial gatherings, they will learn of the care which the representatives of the federal government have always taken to make these legislatures and their representatives understand the needs of this government so as to justify the recourse to the means of taxation chosen by it.

If we examine the proceedings of the last federal-provincial conference we find that before making the federal proposals to the provincial representatives, the then prime minister took care to ascertain that they could understand the obligations the federal government had to fulfil. That is why several representatives of the federal administration took turns to explain, as heads of departments and ministers of the Canadian government, the obligations their respective departments had to meet.

We saw the Secretary of State for External Affairs (Mr. Pearson) explain to the provincial delegates the heavy burden of our international obligations and present a picture of the international situation, in order to make them understand the part that our country had to play in the troubled post-war world and Canada's obligations, not only as far as the defence of our own territory was concerned, but also in connection with the defence of other free nations.

Then, in the field of social security, we saw the Minister of National Health and Welfare (Mr. Martin) explain to the provincial representatives the legislation he in-

tended to submit to the government in order to improve social conditions and the special program he intended to propose in the field of national health.

We then saw the Minister of Finance (Mr. Abbott) explain carefully to the representatives of the legislatures the financial obligations of the Canadian government and the revenues required to enable our country to fulfil all the obligations I have just mentioned.

What has been, on the other hand, the attitude of the Quebec legislature and of its representatives and what has been the position of the legislatures of the other provinces? Some of them made counter-proposals. Then, they consented to ratify fiscal agreements. After these negotiations, eight and, later on, nine provinces consented to conclude agreements with the federal authorities.

I do not question the right of the government authorities of the province of Quebec to levy an income tax, but I question the way they did it, that is, without first informing the federal government, the government of the country, of the Canadian nation.

How can we conceive, Mr. Speaker, in this country in which we want to live in harmony, that the spokesman for a legislature could negotiate with the central power through press conferences? On the international level, representatives of nations irrevocably pitted one against the other, are still able to take part in conferences like that now being held at Geneva to discuss the possibility of alleviating the present international tension. Is it possible to conceive that in our country, where we are all Canadians with the same ideals, the ten heads of provincial governments could refuse to get together in a conference? Is it conceivable that the prime minister of one province would not also accept to attend such a conference and even to negotiate with the prime minister of the country to which he belongs?

My principal objection, Mr. Speaker, the main reproach I am now addressing to the representatives of the Quebec legislature is directed against the way they chose for dealing with the central authority through the channel of press conferences. The Quebec taxpayers will challenge such an attitude on their part. They should have agreed to inform the representatives of the central government, and of the Canadian nation, otherwise than through a press conference, of their wish to obtain the deduction of the provincial tax from the federal tax. I shall abstain from further discussing the point as to whether the federal government was right in refusing all deductions, that is the deduction suggested by the prime minister of the province, through the press. I believe the Minister of Finance adopted the only attitude justified by circumstances. He also agreed to suggest to the representatives of the Quebec legislature—and I am very happy he did—to come back if necessary, this time with more concrete proposals, and not to be content to call themselves autonomists, defenders of provincial autonomy, but to discuss in all frankness a formula for overcoming the extremely serious deadlock involving more than two or three hundred thousand citizens of Quebec, since this new tax was introduced. I consider this the main rebuke to be addressed to the representatives of the provincial legislature of Quebec.

In conclusion, Mr. Speaker, I express my belief that the population of Quebec will disapprove the attitude of its premier who refuses to negotiate. I do not claim that he had to sign an agreement: he is entirely within his right when he refuses to do so, because the agreements are not compulsory, but he should have informed beforehand the federal government of his intention of imposing such a tax, which under the circumstances is a nuisance tax and is as unjust to the taxpayers of the province of Quebec as it would be to the citizens of any other province.

I believe I shall be excused for the excessive ardour which I may have displayed in my speech but I am convinced that justice is on our side and that we did what was fitting for the welfare of the taxpayers of the country. I hope that the legislature of Quebec will accept to hold new negotiations with the federal government so that the province of Quebec will not isolate itself and so that we, from the province of Quebec, will continue to feel at home not only in our province but in any other province. It is the duty of the province of Quebec not to isolate itself but to extend its influence, as was recently said by the Minister of Northern Affairs and National Resources (Mr. Lesage).

In conclusion, Mr. Speaker, may I say that we are not dealing with a struggle between self-proclaimed autonomists in Quebec and ourselves, whom they call centralizers. In fact it is a struggle between the Union Nationale and our national unity.

(Text):

The house divided on the amendment (Mr. Macdonnell) which was negatived on the following division:

YEAS

Messrs:

Bell	Lennard
Blackmore	Low
Blair	Macdonnell
Cardiff	MacLean
Casselman	McBain
Charlton	McGregor
Churchill	Michener
Dinsdale	Mitchell (London)
Dufresne	Nesbitt
Fleming	Pallett
Fraser (Peterborough)	Perron
Fulton	Poulin
Gagnon	Quelch
Girard	Robinson (Bruce)
Hahn	Small
Hansell	Stanton
Hodgson	Starr
Holowach	Tustin
Howe (Wellington-Huron)	White (Hastings-Frontenac)
Johnston (Bow River)	Wylie—40.

NAYS

Messrs:

Abbott	Forgie
Anderson	Gardiner
Applewhaite	Garland
Arsenault	Gauthier (Lake St. John)
Ashbourne	Gauthier (Nickel Belt)
Balcom	Gauthier (Portneuf)
Barnett	Gillis
Batten	Gingras
Beaudry	Gingues
Benidickson	Goode
Bennett (Grey North)	Gour (Russell)
Blanchette	Gregg
Boivin	Habel
Bonnier	Hardie
Boucher (Chateauguay-Huntingdon-Laprairie)	Harris
Bourque	Healy
Breton	Hellyer
Brown (Brantford)	Henry
Brown (Essex West)	Herridge
Bruneau	Hosking
Bryson	Houck
Buchanan	Huffman
Cameron (High Park)	James
Cameron (Nanaimo)	Jones
Campbell	Jutras
Campney	Kirk (Shelburne-Yarmouth-Clare)
Cardin	Knight
Carter	Knowles
Cauchon	Lafontaine
Cavers	Langlois (Berthier-Maskinonge-Delanaudiere)
Coldwell	Lapointe
Cote	Leduc (Gatineau)
Crestohl	Leduc (Jacques Cartier-Lasalle)
Croll	Lefrancois
Dechene	Legare
Deslieres	Lesage
Dickey	MacDougall
Ellis	MacKenzie
Enfield	McCann
Eyre	McCulloch (Pictou)
Fairey	McDonald
Follwell	McIlraith
	McMillan
	McWilliam
	Masse
	Matheson
	Meunier
	Mitchell (Sudbury)
	Monette
	Murphy (Westmorland)
	Nixon
	Noseworthy
	Pickersgill
	Pinard
	Pommer
	Pouliot
	Power (Quebec South)
	Proudfoot
	Purdy
	Ratelle
	Regier
	Reinke
	Richard (Ottawa East)
	Robertson
	Robinson (Simcoe East)
	Rouleau
	Schneider
	Stewart (Winnipeg North)
	Stick
	Stuart (Charlotte)
	Thibault
	Tucker
	Valois
	Weaver
	Weir
	White (Waterloo South)
	Winch
	Wood
	Zaplitny—121.

Mr. St. Laurent: Mr. Speaker, it is because of the absence of the Leader of the Opposition (Mr. Drew) that I abstained from voting on this amendment.

Mr. Speaker: Is it the pleasure of the house to adopt the main motion?

Mr. J. H. Blackmore (Lethbridge): Mr. Speaker, it must be a cause for general concern for members, even of the government, to contemplate the gathering unemployment problem which confronts Canada. It must moreover give them little satisfaction to reflect upon the meagre allowances we are granting to our old age pensioners and to the many other people who have a right to assistance at our hands, such as superannuated civil servants and other classes whom we could readily bring to mind. It must be vexatious in the extreme for them to think about the fact that we are accumulating in this country surpluses which we at the present time see no way of disposing of at home or abroad, while the United States is doing a similar thing. I am sure all these matters have been disturbing the members of the government just as they have been exercising all the other members of this house. We now have another problem which threatens to give the government a real and immediate headache, namely, the refusal of the province of Quebec to attempt to carry on any further with the amount of revenue that is left to it after the dominion government gets through taxing.

What can be done about all these problems? Is there nothing that can be done? Are we to confess ourselves beaten in the presence of such superabundance as Canada is capable of bringing into existence? Are we to raise idle

and helpless hands and rail against the powers that be when in all probability we have in our own control the means of going forward towards remedying the evils which basically are the cause of these regrettable features in our economy?

Eighteen and a half years ago we in the province of Alberta elected a Social Credit government under William Aberhart, one of the very greatest statesmen to arise in the Dominion of Canada. We were filled with the conviction that we need not rely entirely for our revenue upon money that we could extract from the pockets of the citizens of the nation. We saw no reason why, since the kings of England for centuries created all the nation's money—and it was good money, sound money—someone representing the king in our day should not be able to create money just as good and just as sound as king's money. Whereas the king normally had to have gold or some other precious metal out of which to create money, and inasmuch as we had learned to use paper instead of specie for money and are now finding that we can get along very well without even specie backing behind the paper, we saw no reason why it should not be thoroughly feasible and acceptable and in every way advisable for the nation of Canada to contemplate the creation of money debt free.

We had proposals for the use of that money after it was once created. In the first place we said the all-important thing to do with the money was to bring about a price structure as fair and equitable as it could possibly be made considering the production of which the nation is capable. The first use to which that money would be put would be the bringing down of consumer prices in accordance with the amount of surplus production at that time existing in the country. This would be done by the use of what we would call a compensated discount. I shall not go further into that matter at the present moment except to point out that that would be the first use that would be made of this money created debt free.

We proposed that after the price structure had been modified by discounts to what seemed to be a desirable extent, additional money which the king then found in his possession should be used in issuing to consumers a consumer credit somewhat resembling the cost of living bonus with which everyone became familiar during world war II. We called this cost of living bonus a dividend. We saw no reason why it should not be called a dividend because it constituted a share of the national income, of the national production which actually of right belonged to every citizen in the nation because either as producer or consumer every person in the nation contributed directly or indirectly to the producing of the goods which formed the backing of the money which the king could produce debt free.

We were greeted with a wide variety of receptions. Almost no one thought we were using any kind of sense. I remember the volumes of abuse that were hurled against Premier Aberhart by the capitalist press from coast to coast in this nation, abuse which it was a disgrace to hurl against any good and honourable man, such as he was, desiring to make conditions better. We were called crackpots, funny money artists, scrip teasers and all those other epithets which ignorance and prejudice generally apply to all people who attempt to improve conditions.

We were not abashed; we were not dismayed; because we remembered similar things were hurled against Wilberforce when he set out to free the slaves and against every other reformer who ever set out to reform existing conditions, especially if it looked as though he were going to be able to succeed. So we came to the House of Commons, to set before members of this honourable house those principles which we believed would help constitute a solution to the serious unemployment problem confronting Canada in 1935, a problem of poverty in the midst of plenty, a paradox, a monstrosity, something not to be seriously considered or contemplated by any sane man.

The favourite phrase that was applied to us then was that we believed in "funny money". It is my purpose tonight, during the time which remains at my disposal, to give some consideration to this matter of funny money and in doing so to go back into the financial history of Canada to the passage of the Dominion Notes Act in 1868, then to follow on down to the passage of the Finance Act of 1923 and on down to the passage of the Bank of Canada Act of 1934, and to show members of the house and the people of the country that practically every single dollar this nation operated on from 1868 down to 1934 was, or was backed by,

funny money, exactly the kind of money that the Social Credit proposal envisaged.

Mr. Speaker: As it is now ten o'clock, will the hon. member be kind enough to interrupt his speech at this point?

On motion of Mr. Blackmore the debate was adjourned.

Business of the House

BUSINESS OF THE HOUSE

Mr. Harris: We shall continue this debate tomorrow and if it is completed take the resolution with respect to the trade agreement with Japan.

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

HOUSE OF COMMONS

Wednesday, April 28, 1954

The house met at 2.30 p.m.

PRIVILEGE

MR. PINARD—REFERENCE TO REPORT IN MONTREAL "GAZETTE" OF APRIL 28

Mr. Roch Pinard (Chambly-Rouville): Mr. Speaker, I rise on a question of personal privilege which arises out of a newspaper report appearing in today's issue of the Montreal *Gazette* where I am quoted as having said this:

> He said the government should stop considering Quebec "as the illegitimate child of confederation."

I never used those words. On the contrary, I believe that this government is considering the province of Quebec as one of its most glorious sons. Knowing well the concern that this paper has for accuracy and the consideration it always has for the government and its supporters, I thought it would be well to bring this matter to their attention.

QUESTIONS

C.B.C.—TRANSFER OF EMPLOYEES AND OFFICES

Mr. Thatcher:

1. Since January 1, 1952, has the Canadian Broadcasting Corporation moved employees from other points in Canada to Ottawa?
2. If so, how many and at what total cost?
3. Are any offices or divisions formerly established in Montreal and Toronto, now established in Ottawa?
4. If so, what offices or divisions and what was the purpose of moving same to Ottawa?

Mr. McCann:

1. Since January 1, 1952, 50 employees have been moved to Ottawa at a cost of removal expenses amounting to $37,459.96.

In addition to routine transfers to head office and to stations CBO-CBOT, certain senior officials and employees in the national offices of the program, engineering, personnel and administration, press and information, and station relations and broadcast regulations divisions previously located in Montreal and Toronto have been moved to Ottawa to provide closer co-ordination in the general management of the corporation.

2, 3, and 4. See answer to No. 1.

C.B.C.—SPACE OCCUPIED IN OTTAWA

Mr. Thatcher:

1. How many square feet of floor space does the Canadian Broadcasting Corporation or any division or subsidiary thereof occupy in Ottawa?
2. Where is this space located?
3. What is the total monthly or yearly rent for this space?

Mr. McCann:

1. 46,744.

2. Head office: Victoria building, Holt-Renfrew building, Bryson-Graham building, 17 O'Connor street.

Station CBO studios and offices: Chateau Laurier hotel.

3. $108,197.50 yearly rental rate.

NATURALIZATION—SAM CARR

Mr. Fulton:

1. In order to obtain his certificate of naturalization on March 1, 1945, did Sam Carr swear an oath or subscribe to a declaration of allegiance or make any other form of affirmation of loyalty to His Majesty and to Canada?
2. Has his grant of naturalization ever been revoked on grounds that it was obtained by false representations or on any other grounds?
3. Who was minister of the department in charge of naturalization at the time this certificate was granted?

Mr. Harris:

1. Yes.

2. No.

3. The late Hon. Norman McLarty.

FOREST INVENTORY, NOVA SCOTIA

Mr. MacEachen:

1. Has the federal government signed an agreement with the government of Nova Scotia for the completion of a forest inventory in Nova Scotia?
2. If so, (a) to what extent does the federal government participate in the cost of same; (b) how much has been paid by the federal government to date, and when is it anticipated the inventory will be completed?

Mr. Lesage:

1. Yes.

2. (a) Under the terms of a federal-provincial forestry agreement dated June 12, 1952, the federal government has undertaken to pay, for the duration of the agreement, one-half of the cost to the province of preparing and maintaining, in accordance with

certain specifications, an inventory of the forest resources of Nova Scotia. The present agreement terminates on March 31, 1956, but is subject to renewal thereafter on terms and conditions then to be determined.

(b) Payment to date is $25,248.46; it is expected that the inventory will be completed in the fiscal year 1956-57.

HIGHWAY TRANSPORT

DOMINION-PROVINCIAL CONFERENCE—REPORT BY MINISTER

On the orders of the day:

Mr. Howard C. Green (Vancouver-Quadra): Will the Minister of Transport give the house a report on the dominion-provincial conference on highway transport which has just been completed?

Hon. Lionel Chevrier (Minister of Transport): The federal-provincial conference on highway transportation convened in Ottawa on Monday of this week and completed its business this morning. I think it is safe to say that the conference was a successful one.

In view of the position of the federal government that it was reluctant to enter the field of extra-provincial highway transportation, it suggested to the provinces that they control and regulate such extra-provincial undertakings in the same manner as that in which they were controlling intra-provincial movements. The provinces seemed to be willing to accept this suggestion. Thereafter there was drafted a bill which was submitted to the conference for its approval. Dependent upon the reaction of the various provincial governments to this draft bill, the federal government will be willing to give consideration to enacting at this session of parliament legislation which would make the proposed bill valid.

Mr. Green: As a supplementary question may I ask whether it will be necessary to amend the British North America Act in order to implement the agreement?

Mr. Chevrier: If the suggestion contained in the draft bill meets with the approval or the favourable reaction of the provinces, the answer to the question is no.

CIVIL DEFENCE

FINANCIAL ARRANGEMENTS—REFERENCE TO PRESS REPORT

On the orders of the day:

Mr. Clarence Gillis (Cape Breton South): May I be permitted to direct a question to the Minister of National Health and Welfare?

[Mr. Lesage.]

It arises out of a press dispatch in this morning's *Globe and Mail* captioned "Ottawa Said Ready to Match All Grants for Civil Defence". Is the minister in a position to tell the house what procedure is necessary on the part of the provinces and the municipalities in order to qualify for these grants?

Hon. Paul Martin (Minister of National Health and Welfare): Mr. Speaker, my hon. friend was kind enough to give me notice of his intention to ask this question. I have not had an opportunity of reading in detail the press dispatch to which he makes reference but I am advised generally that it deals with the proposed new financial arrangements in connection with the operation of civil defence in Canada.

This matter was discussed at the dominion-provincial conference held in Ottawa a few weeks ago, when the whole matter of civil defence, and financial arrangements in connection therewith, were discussed with all the provinces and when there was, as a result, general agreement on what was disclosed there and on the new financial formula. I will discuss the formula in the house on the occasion of the presentation of the departmental estimates, and I hope the proposal will stimulate action in those places where action is not now adequately taking place.

Mr. Fulton: Will this require a constitutional amendment?

TRANS-CANADA AIR LINES

INVESTIGATION INTO CRASH AT MOOSE JAW

On the orders of the day:

Mr. M. J. Coldwell (Rosetown-Biggar): May I direct a question to the Minister of Trade and Commerce? When may we expect the report on the regrettable accident at Moose Jaw? Has the inquiry been completed yet?

Hon. Lionel Chevrier (Minister of Transport): Perhaps I might answer this question. The report is not, I think, complete. By that I mean it has been completed on the ground but in so far as the preparation of it is concerned it is not yet completed. I expect to have it some day this week. When I do my first responsibility will be to discuss it with my colleagues before I can impart its implications to the house.

INQUIRY OF THE MINISTRY

SUBSTANCE ALLEGED TO HAVE DAMAGED AUTOMOBILE WINDSHIELDS

On the orders of the day:

Mr. W. B. Nesbitt (Oxford): I should like to direct a question to the Minister of National

Health and Welfare. Has the minister anything to say with respect to the substance alleged to have damaged automobile windshields and in some cases, particularly at Wellandport, Ontario, to have caused minor injuries to persons?

Hon. Paul Martin (Minister of National Health and Welfare): Beyond what has already been reported I have nothing to say.

CANADIAN OVERSEAS TELECOMMUNICATION CORPORATION

INQUIRY AS TO UPWARD ADJUSTMENT OF RATES

On the orders of the day:

Mr. W. M. Hamilton (Notre Dame de Grace): I should like to direct a question to the Minister of Transport and ask him whether the government-owned Canadian Overseas Telecommunication Corporation is considering an upward adjustment in its rates at the present time?

Hon. Lionel Chevrier (Minister of Transport): I am grateful to the hon. member for having sent me notice of his question. I am not aware of any consideration being given at this time by Canadian Overseas Telecommunication Corporation to a revision upward of its rates, but I should say that the matter of rate revisions, either upward or downward, is always a matter under consideration by any corporation. Subject to that, I think I should tell my hon. friend that there is at this time no intention of an upward revision.

Mr. Hamilton: Would the minister examine the report directed to him by the directors of the corporation which gives some indication of this fact?

Mr. Chevrier: Yes, I will be glad to.

AIR TRANSPORT

MODIFICATIONS TO CANADA-UNITED KINGDOM AGREEMENT

On the orders of the day:

Hon. Lionel Chevrier (Minister of Transport): Yesterday, in my absence, the hon. member for Saskatoon asked the following question:

> In view of the discussions held in Ottawa from April 12 to 14 with representatives of the United Kingdom government on the subject of possible modifications to the Canada-United Kingdom air transport agreement, is the government now in a position to indicate what changes, if any, will be made in this agreement?

The answer is no. There have been amicable discussions with the United Kingdom authorities on the subject of the Canada-United Kingdom air agreement, and there are no changes to be announced at this time. If there are any to be announced at a later date they will be announced in the house.

TRADE

RUSSIA—REPORTED OFFER TO PURCHASE BARLEY

On the orders of the day:

Right Hon. C. D. Howe (Minister of Trade and Commerce): In my absence yesterday an hon. member asked the following question:

> Would the minister care to comment on a recent press release regarding a Russian offer to buy 3 million bushels of Canadian barley?

I may say that the Russian government has asked this government to arrange for trade quotations on 50,000 tons of barley. Quotations have been submitted but no purchase has been made as yet.

THE BUDGET

ANNUAL FINANCIAL STATEMENT OF THE MINISTER OF FINANCE

The house resumed, from Tuesday, April 27, consideration of the motion of Hon. Douglas Abbott (Minister of Finance) that Mr. Speaker do now leave the chair for the house to go into committee of ways and means.

Mr. J. H. Blackmore (Lethbridge): Mr. Speaker, last evening I closed my introductory remarks with the following words, speaking of the opponents of Social Crediters in the 1930's, as found at page 4192 of *Hansard:*

> The favourite phrase that was applied to us then was that we believed in "funny money". It is my purpose tonight, during the time which remains at my disposal, to give some consideration to this matter of funny money and in doing so to go back into the financial history of Canada to the passage of the Dominion Notes Act in 1868, then to follow on down to the passage of the Finance Act of 1923 and on down to the passage of the Bank of Canada Act of 1934, and to show members of the house and the people of the country that practically every single dollar this nation operated on from 1868 down to 1934 was, or was backed by, funny money, exactly the kind of money that the Social Credit proposal envisaged.

In tracing this development as regards Canada's money I propose to follow the account of Canadian financial history as it is given in the report of the royal commission of 1933 on banking and currency in Canada, beginning at page 21, paragraph 44.

Before commencing this review may I say that "funny" money, as our opponents and critics apparently use the term, must refer to money which is created by the minister of finance, for the fundamental characteristic of the Social Credit proposal in respect of money is that money can safely and soundly

be created by the government or the minister of finance. No one ever seems to doubt that coin money can be created through the Canadian mint. No one ever seems to call that funny because it is created by the government, but when it comes to paper money, then government-created money immediately becomes "funny", which, I must say, is extremely funny to me.

In examining the question of a government or a minister of finance creating money, may I point out that we are told in paragraph 44 of the report of the royal commission on banking and currency in Canada that the Dominion Notes Act of 1868 empowered the minister of finance—note that, the minister of finance—to issue, that is, to print, to create, $8 million in bills, $5 million of which would have 20 cents' worth of gold behind each of the dollars and $3 million of which would have 25 cents' worth of gold behind each of the dollars. Obviously that money was created by the minister of finance. Consequently it must have been "funny" according to our critics, but I think probably most men will find some difficulty in establishing the funniness of that money.

The chartered banks were required to keep in such dominion notes one-third of whatever cash reserve was required on their part, which meant that money that came out of the banks must have been funny too. Then again, to a large extent the notes remained in circulation, which indicated that our fathers in those days apparently did not worry very much about the notes being funny as long as they could get them.

In paragraph 46 of this report we find that by 1913 the minister of finance was empowered to issue, that is, print, create, $30 million provided he had 25 cents' worth of gold in reserve behind each of those dollars, that is, $7,500,000 behind the whole $30 million. If he desired to print further money, which he could, he had to have a dollar of gold of course behind each one dollar bill.

In paragraph 47 we learn that in August, 1914, parliament legislated that the minister might create—print—and issue $50 million against partial gold backing. After that, $16 million were issued by the minister of finance and the notes were backed by deposits of railway securities guaranteed by the dominion government. We notice here a definite move in the direction of what might be called a modern, realistic conception of the backing of money, that is, with securities.

Then, $10 million were issued and those notes were not backed either with securities or with metal. Now, that might appear to have been really funny, but it was not looked upon as such in those days by the realistic minister of finance, Sir Thomas White. In 1917, as recorded in the same paragraph, $50 million were printed and used to buy $50 million worth of Canadian goods which were sent across to Great Britain. This $50 million was backed by British treasury bills. Apparently no one thought those notes were funny. They did the job. They paid the Canadian farmers and other producers and they supplied the goods to Britain without immediately having goods in return.

May I suggest to Canadians, both within this house and without, that it is well to give careful attention to this fact. This is an incident in Canadian financial history illustrating a principle, the application of which might mean we could solve our problem in connection with exporting goods to foreign markets where purchasers are unable to obtain Canadian dollars. May I suggest very humbly that if the members of this house go back to their constituencies and tell the people that nothing can be done about exporting our goods when these facts stand before them in the royal commission's report on finance, then they are betraying a trust. The same is true of the Minister of Finance (Mr. Abbott) if he comes before us and tells us that nothing can be done in respect of the same kind of exporting.

On August 3, 1914, there was passed an order in council authorizing the minister of finance to issue advances of dominion notes to chartered banks against securities submitted by them to the Minister of Finance and approved by him. This again is in paragraph 48 of the report. It indicates the recognition of the fact that Canadian dollars could be issued, partly against securities, and they would be good money, not funny. They could be taken into a bank and issued by that bank in payment of its responsibilities, still without being "funny".

In August, 1914, parliament passed the Finance Act of 1914, confirming the issues of notes already made under the order in council of August 3, 1914, and providing for authorization by proclamation of similar advances in case of war, invasion, riot, insurrection, real or apprehended, or in case of any real or apprehended financial crisis. Now, that comes right down to our own times, I imagine. If we are not now faced with a financial crisis then a good many of us are misinterpreting the signs.

In paragraph 49 of the report we are told that the proclamation in pursuance of the Finance Act of 1914 was made on September 3, 1914, and thenceforth throughout world war I and the early post-war period extensive

use of the act was made; that is to say, of the principle of having the minister of finance against the backing of approved securities print and issue the money which was necessary to carry on the activities in which the nation was at that time engaged.

In paragraph 50 we learn that an act passed in 1919 provided for the continuance in force of the proclamation of September 3, 1914 until two years after the conclusion of peace on termination of the war. This would seem to indicate that the act had been found effective and satisfactory during the war.

Paragraph 51 tells us about the power to issue dominion notes against approved securities being made a permanent part of the Canadian financial system. It would appear that the men who sat in this house from 1919 to 1923 were Social Crediters in their thinking. They did not consider the social credit monetary concepts funny. Paragraph 51 contains words which I think it fitting we should include in *Hansard*. Here are the words:

> But extensive use continued to be made of the power to issue dominion notes to the banks against approved securities with the result that it was decided in 1923 to make this part of the Finance Act mechanism a feature of the normal Canadian financial system. In introducing the new legislation, Mr. Fielding, the Minister of Finance, made the following brief explanation of its purpose:
>
> "The act (the Finance Act) was adopted as a war measure and no doubt was exceedingly useful in the financial operations during the war. It may be said that the war being over we no longer have any need for the act, but experience has shown—

Note these words.

> —that the act is still required; indeed, I am inclined to think that something of the kind will have to become almost a permanent part of our financial system.

In my opinion that statement is of great significance, as I think it must be to every person who gives it careful attention. Here was a measure adopted by a Conservative government and administered with great success by a Conservative finance minister, one of the very greatest the dominion has produced. It was re-enacted by a Liberal government upon recommendation of a man recognized as being one of the greatest of the Liberal finance ministers.

I should like to read two brief excerpts from this report, one from paragraph 48 in order to go back and sum up the whole picture.

> Another extremely important change in the Canadian monetary structure was effected by the passing of the Finance Act in the 1914 war session of parliament.

I read that just to emphasize the fact once more that the Finance Act of 1914 was a new departure, the beginning of a new and remarkable era in Canadian finance.

May I read now paragraph 55 of the commission report, in which the commission described the whole process as follows:

> From this brief survey it can be seen that while the Dominion Notes Act has developed mainly along its original lines, the position of the dominion note issue has been substantially changed by the introduction of the Finance Act.

It is important to bear in mind that this royal commission, from whose report I have been reading, was composed partly of men from Great Britain. The Right Hon. Lord Macmillan, P.C., K.C., of the City of London, England, was chairman of that commission. Sir Charles Stewart Addis, K.C.M.G., of the City of London, England, was apparently his assistant. Then, there were on the commission three eminent Canadians in the persons of the Right Hon. Sir William Thomas White, P.C., K.C.M.G., of the city of Toronto, in the province of Ontario; secondly, the Hon. John Edward Brownlee, K.C., M.L.A., of the city of Edmonton, in the province of Alberta, and Beaudry Leman, Esquire, B.Sc., C.E., of the city of Montreal, in the province of Quebec.

Apparently the object of those who selected the commission was to have a report adverse to the finance acts of 1914 and 1923. The object was to destroy in Canada these very successful finance acts of 1914 and 1923 and, as it were, to put Canada in bondage by establishing a Bank of Canada, or a central bank, that could grow into an instrument powerful enough seriously to control the activities of any minister of finance and his government.

We shall find that as the commissioners prepared their report that report was slanted slightly against what Canada had done under the finance acts of 1914 and 1923.

When they issued their report they recommended, as everyone suspected they would, the establishment of a Bank of Canada which, of course, could involve the discontinuance of the finance acts of 1914 and 1923.

Now, two eminent Canadians on that commission, Sir Thomas White and Beaudry Leman, recommended solemnly against the recommendation of the commission. Sir Thomas White wrote a memorandum of dissent which appears at page 85 of the report dated October 3, 1933. I believe it is only fitting that I should read certain extracts from that memorandum, so that those who have been unable to have access to the report may be in a position to know what Sir Thomas White thought about the whole proposal of establishing the Bank of Canada.

I quote first from page 85 as follows:

> But there was on the part of the government no "policy of inflation." Credit inflation automatically and inevitably occurred owing to the need of financing the government's own war expenditures in Canada and of providing the British government

with the necessary funds to pay for the vast amount of foodstuffs, munitions and other products purchased in Canada and required by Britain and her allies in the prosecution of the war. In respect of these advances to the British government aggregating more than twelve hundred million dollars it is to be observed that conversely that government made advances in sterling in London to the Canadian government to meet the expenditures of the latter in maintaining the Canadian forces abroad. On balance at the end of the war the British government owed the Canadian government two hundred and twenty million dollars which was duly paid.

That passage clearly indicates how the finance minister created money in Canada so as to enable Great Britain to buy goods in Canada during world war I. And that is the very thing we need to be able to do now, on a larger scale.

Then, on the same page I find this:

In these conditions and having regard to the suspension of the gold standard in all the great nations of the world except the United States, the Finance Act instead of being an instrument promoting a policy of credit inflation served with the highest efficiency the purpose of providing in conjunction with the note issues of the banks adequate currency facilities for the financing of the rapidly mounting volume of Canadian agricultural, industrial and commercial production and trade. It is my belief that no central bank in the world during the war period functioned more smoothly or was capable of being utilized more promptly or with greater immediate effect in serving the purposes of national and business finance than the Canadian Finance Act of 1914. It is also my view that during the period in question and in the very trying period of so-called reconstruction following the armistice no other monetary system proved more efficient or better adapted to national needs than that of the chartered banks of Canada supplemented as it was by the provisions of the Finance Act of 1914. The advantage of that system to the government of Canada, in making its issues of bonds to the Canadian public and of having immediately available through the agency of the Canadian Bankers' Association the facilities afforded by the chartered banks with their thousands of branches throughout the dominion needs only to be mentioned to be realized and appreciated. And in my opinion the same high degree of efficiency has been maintained by the Canadian financial system down to the present time. Of this statement we have at least partial proof in the stability of that system during the unprecedented world depression of the past four years.

And then at page 87:

Although it may be technically correct that "the Finance Act did not provide Canada with the organization needed to undertake the tasks which the maintenance of the restored gold standard implied," the fact is that in conjunction with the policy followed by the banks the Canadian monetary system worked quite as efficiently as the central bank systems of nations economically similar to Canada.

And this further quotation:

It was suggested during the course of our hearings that political influence might possibly affect unfavourably the administration of the Finance Act because the treasury board which authorizes advances and fixes rates of interest payable thereon is composed of members of the government. With regard to this I have only to say that if by "political influence" is meant partisan or improper influence not a shred of evidence has been adduced before the commission in support of such a suggestion. The fact is that authorization of advances under the act is an almost purely routine matter of administration carried out by the treasury board, aided by the recommendation of the Minister of Finance and the advice of his chief officials. I have no hesitation in asserting that the administration of the Finance Acts under all governments has been wholly free from any such influence.

And again at page 88 he uses these words:

Should it be the opinion of the Minister of Finance that he requires additional expert assistance to that available in his department he might appoint as a permanent member of his staff an outstanding economist whose special duty it would be to continuously study the economic and banking situation in Canada. Such an official together with the deputy minister of finance (himself a distinguished economist) and the inspector general of banks would constitute a most competent departmental committee to advise the minister and the treasury board upon all applications for advances by the banks. Personally, if any change is made in the existing mode of procedure, I would prefer such a permanent departmental advisory committee to an independent board created for the purpose of control and regulation of credit through the administration of the act. It may be of interest to the public to know that since the enactment of the Finance Act in 1914 the dominion government has received a total revenue, by way of interest charged the banks upon advances, of $22,782,602, with practically no additional cost to the Department of Finance.

And, again, here is a quotation of importance:

Upon this most important question which involves consideration of structural change in Canada's monetary system I regret to find myself in disagreement with a majority of the members of the commission. With my colleague, Mr. Leman, I dissent from their recommendation that "a central bank for Canada be forthwith established." The terms of our dissent are to be found in paragraph 238 of the report and are as follows:—

"238. Sir Thomas White and Mr. Beaudry Leman dissent from the arguments and conclusions contained in this chapter as to the need of the establishment of a central bank at the present time and under existing conditions and also as to certain features of the suggested constitution of such a bank should it at any time be established in Canada."

One further important quotation is as follows:

Even if I believed however (which I do not) that a central bank could now perform useful functions as a part of our monetary system, I would still entertain the view that the present is not a suitable time for its establishment. My reason for this conviction is that, without regard to the financial disturbance which would undoubtedly be caused by such a fundamental alteration in the structure of our monetary system, an institution of this kind would hamper rather than help the government of the day in dealing with the manifold and complex financial problems with which it is confronted.

And this final quotation:

A central bank, newly established, entrusted immediately with the ownership of the entire cash reserves of Canadian banks, and administered by a

necessarily untried and independent board of directors, clothed with the power of controlling currency, credit and security issues and charged with the conduct of negotiations respecting our external public finance, could, I think, be only an impediment to the government in this trying period, when direct unfettered governmental action is manifestly required.

A little further on he uses these words:

In the solution of all these problems, it is my belief that the existing banking system of Canada supplemented by the provisions of the Finance Act, affords the government a much more efficient instrument than that system controlled and regulated by a newly-created central bank, independent, in theory at least, even of the government of the day.

I think probably men throughout this country, and particularly the men who are responsible for moulding the opinions and guiding the destiny of this nation in the trying times ahead, would be well advised to stop using the term "funny money" entirely until they begin to know something about what constitutes "funny" money and non-funny money. I maintain that the quotations which I have read and the information which I have given, drawn from this report of the royal commission on banking and currency in Canada, 1933, constitute an absolute, unanswerable argument in support of the whole Social Credit position.

There is just one matter that needs to be given thought before we leave. People will ask: How can we determine how much money can safely be issued and brought into circulation without causing inflation? That is certainly an all-important question. The answer is this: The amount of money which needs to be in circulation at any time must depend directly on the total amount of goods within the country to be purchased and to be exchanged; consequently the amount of money in active circulation at any given time must be gauged in accordance with the amount of goods and particularly the amount of surplus goods and productive capacity not being moved into consumption or not being used. Bearing this in mind, and remembering that surely it must be possible to find men skilful enough to be able to make the calculations necessary in order to harmonize the amount of money in circulation with the amount of money work to be done—exchanges to be effected—bearing this in mind, certainly it must appear that the Social Credit proposals are well worthy of most careful and respectful attention by all hon. members and by this country.

Mr. Speaker: Before the hon. member for Joliette-L'Assomption-Montcalm (Mr. Breton) proceeds with his speech, may I tell the hon. member for Lethbridge (Mr. Blackmore) that today again I found that he had been quoting too much at great length. I did not wish to interrupt him while he was making his speech, because during this debate great latitude is allowed; but I do not want him to consider that because I have been lenient today, on other occasions I shall allow him to quote at such great length while he is speaking.

(Translation):

Mr. Maurice Breton (Joliette-L'Assomption-Montcalm): Mr. Speaker, with your permission, I shall endeavour, during a few moments, to shed a ray of light over the discussion in vogue nowadays, that is, the question of direct taxation and federal-provincial fiscal agreements, by analysing certain aspects of the problem.

A few days ago a serious and independent newspaper wrote:

We remember that it was following a temporary agreement with Quebec that Ottawa took over income tax. Now, on the strength of an authorization granted for a time, the federal government claims that the province has no longer any right in that field.

We have here, Mr. Speaker, exactly the kind of information which misleads opinion, instead of enlightening it. And such confusion is spreading more and more in the minds of a great many people, so much so that one is inclined to believe that speech was given to man to bewilder the mind.

I quote the Hon. Maurice Duplessis, premier of the province of Quebec, who says that the provinces have exclusive right in the field of direct taxation, while claiming at the same time that the constitution must not be changed by one iota. The spirit and the letter of the constitution must be preserved, he asserts. The late premier of Nova Scotia, Mr. Macdonald, said that the act of confederation should be redrafted. The Ligue d'Action nationale de la province de Québec stated before the Tremblay commission that our confederation should be rebuilt to prevent it from being a lie, that it must recognize the prior right of the provinces. Others say that subsidies are contrary to the spirit of confederation.

The Hon. Antoine Rivard relies on the fact that education is reserved to the provinces to state that the provinces have a prior right in the field of direct taxation. The Montreal chamber of commerce, which is not a political body or at least should not be, says that the matter of prior rights has no importance. In fact, they say it would be better for the federal government to authorize the deduction because the agreements would bring greater advantages. What confusion!

It is the same thing with the Conservative party, but confusion is still greater there, if that is possible. It passed a resolution at its convention, but completely disregards it in the house. And so we wonder whether the

party is preparing one kind of political campaign for Quebec and adopting a different stand in the other provinces.

Mr. Speaker, I shall try to make my modest contribution and to throw a little light on this, even though I may have to repeat what others have said before me, because many people do not know the truth about this problem.

I fail to see why some people make statements as if they were the Gospel truth without even trying to find out what the truth is. Calmly and objectively, in order to do justice to the province of Quebec as well as to Canada as a whole, I shall try to deal with some interesting points in order to show why the federal government has to maintain the stand taken on this matter.

Why did the federal government propose fiscal agreements to the provinces?

Well, it is simply because the federal government and the provincial governments have legally a right of joint ownership in the field of direct taxation. That is a formal right; it is clear and to the point.

A great man has questioned that statement. At the federal-provincial conference of 1945, the premier of the province of Quebec, the Hon. Maurice Duplessis, stated, and I quote the following words which appear at pages 355 and 356 of the report of the re-establishment conference of 1945-46:

> Among the matters exclusively reserved to the provinces, section 92 of the British North America Act mentions "direct taxation within the province." On the other hand, section 91 of the said act also vests in the federal parliament the right of raising money "by any mode or system of taxation". These two enactments are not contradictory; they mean that the provinces, in which according to the letter of the law has been vested the exclusive right of direct taxation, should have a priority right in such a field.

This problem turns on the word "exclusive" which appears in section 92 of our constitution. Unfortunately, the Hon. Maurice Duplessis has forgotten something. The respect which I owe him forces me to say that he must have committed an extremely serious oversight, one which has unfortunately cost the province of Quebec $164 million since 1948, when he could have recouped $53 million without even signing an agreement, by accepting the 5 per cent offered to the taxpayers.

And yet, if he had read the preceding section, section 91 of the constitution, he would have seen that the word "exclusively" is to be found in both sections 91 and 92, and I quote section 91 which he forgot to quote in his statement before the conference on re-establishment:

> It shall be lawful for the Queen, by and with the advice and consent of the Senate and House of Commons, to make laws for the peace, order and good government of Canada, in relation to all matters not coming within the classes of subjects by this act assigned exclusively to the legislatures of the provinces; and for greater certainty, but not so as to restrict the generality of the foregoing terms in this section, it is hereby declared that (notwithstanding anything in this act) the exclusive legislative authority of the parliament of Canada extends to all matters coming within the classes of subjects next hereinafter enumerated; that is to say,—
>
> 3. The raising of money by any mode or system of taxation.

And so, when we read the two sections, we find that the word "exclusively" appears in both. They seem to contradict themselves and to be in mutual opposition. But on studying the text carefully one realizes that under section 91 the federal government has the exclusive right to raise money by all kinds of means for federal purposes, namely for purposes specified in the section.

In section 92, the word "exclusive" means that the provinces have the right to raise money in a direct way only, and for provincial purposes only. So there is no opposition and you have to admit that the text is clear and precise. Besides, that is how the other premiers of Canada, even the then premier of Ontario who is now the Leader of the Opposition in this chamber, understood it at the conference. The provincial prime ministers have realized that the federal government was entitled to levy taxes in every way.

To prove my case let me quote some of their statements. The premier of Manitoba said, on page 140 of the report:

> To the dominion were given the expensive national responsibilities and to assist them unlimited powers to support any kind of tax, direct or indirect.

The Hon. Mr. Macdonald, the premier of Nova Scotia, said, on page 531 of the same report:

> At confederation, as it has been said many times around this board, as we all know, the right to direct taxation was given to the provinces, and the dominion was given the right to levy and collect money either by direct or indirect taxation.

And the hon. premier of Ontario (Mr. Drew):

> The provinces were empowered to levy taxes in the field of direct taxation . . . whereas the dominion government was authorized to raise money by any form of direct taxation.

Now, here is what the Hon. Mr. McNair, premier of New Brunswick, is reported to have said, on page 27:

> The dominion has adequate power to meet the needs of our provinces as well as others. With its control of monetary policy, and the broad and unlimited powers of taxation it possesses, the dominion is in a position, drawing upon the resources and tax-bearing capacity of the whole nation, to see to it that the provinces are placed in a position to maintain their local services at appropriate and uniform Canadian levels.

And the Hon. Mr. McNair added:

Let me say that we in New Brunswick are just as jealous of our constitutional rights and privileges as are the people in any other province. But we want autonomy in substance, as well as in name. We look upon provincial autonomy as a means to an end—not an end in itself. We look upon dominion autonomy in the same way. The end to which they should be devoted, through their proper exercise, is the greatest good for the greatest number of Canadians.

But, Mr. Speaker, is it possible for us to admit, even for a moment, that the premiers of the other provinces could really be a party to the handing over to the federal government of rights which do not rightfully belong to it under the constitution, to their own detriment? Out of nine premiers, eight at that time recognized the federal government's right to levy taxes by any and every means. One premier only refused to recognize that right, and that is the Hon. Maurice Duplessis.

However, Mr. Duplessis does recognize the necessity for an agreement. Here are some of his words to that effect, as found at page 123 of the report:

As the conference was convened by the federal authorities it was only proper for them to place before the delegates their own proposals. With all due respect for the opinion of others I do not think it is up to the provinces just now to make proposals or counter-proposals.

And further, at page 324, he added:

During the time necessary for the study and solution of these Canadian problems, a temporary agreement, precise, clear and categorical, the duration of which would depend on the needs of the federal body and the needs of the provinces, might be entered into, as a temporary measure, but based on the very foundations of the Canadian constitution.

In short, it would be possible to rent, and we insist on the term rent, in return for a fair compensation not only material but even constitutional, certain present taxation powers of the provinces, powers that could reasonably be rented without in any way impeding the march forward, the progress and prosperity of the province.

Is this not a recognition of the need for agreements between the central and the provincial governments? Then he adds, on page 414:

Speaking for the province of Quebec . . .

No, as I do not want to be unkind, I am not going to quote this. I am now reading from page 415 of the report:

It should be possible, and it could be possible, without changing the fundamentals, which cannot be changed and which should be considered as untouchable; it should be possible and it is possible to make temporary arrangements, clear, precise and definite arrangements, taking into consideration the rights and prerogatives of every party to it.

We are willing to collaborate during the necessary time by renting to Ottawa—and I insist on using the word "renting" to Ottawa—certain sources of revenue which can be discussed and which could be found, because we are in good faith and we have the sincere and deep desire to collaborate.

We must therefore come to the conclusion that all of the governments of the country have recognized the necessity for an agreement. If no such agreement could be reached it would mean the sowing of the seeds of national disunity, with the progressive destruction of the ideals which the fathers of confederation and the following generations have pursued and which we are still striving to attain.

During the negotiations, there were three different opinions out of nine. Mr. Macdonald, premier of Nova Scotia, was of the opinion that subsidies were a bad thing and that the constitutional act should be revised. The premier of Ontario, who had his own common ground of agreement with the premier of Quebec, said that taxation powers should be defined. We are ready, said Mr. Duplessis, to rent temporarily our taxation rights, provided a conference be called on a set date to define taxation rights. I do not want, he said, mere electoral promises because I have been in politics for 25 years and I know what promises are worth. That means that the federal government in exchange for a temporary agreement would have to undertake to relinquish sovereign powers which had been officially recognized by the constitution. Did you notice the bargaining, Mr. Speaker? One can readily see that such a transaction is impossible because, owing to its growing commitments, the Canadian government is unable to abandon its powers of taxation, just as the provinces are unable to abandon the powers granted them by the constitution. Each are independent entities which, within their own spheres, have absolute and sovereign rights. However, as far as taxation rights are concerned, the fathers of confederation have given to the federal government, which is the essential organization for the maintenance of economic and social life as well as the development of our country as a nation, powers which enable it to obtain the necessary funds to meet and fulfil all its commitments.

The fathers of confederation were great men, but when one thinks that in 1867 the provinces gave up freely for a mess of pottage a revenue of $13,600,000 against a fixed subsidy of 80 cents per capita, and when one thinks that they abandoned their rights to sources of revenue likely to increase considerably and which then made up 85 per cent of the national revenue, one must admit that those who drafted the pact of confederation did not intend to give a prior right to the provinces in taxation matters.

About three years later, in 1870, I believe, Nova Scotia complained that the per capita subsidy set at 80 cents per person was not enough to enable it to fulfil its obligations. At that time, direct taxation was an unimportant taxation field, and no government wanted it.

The right hon. Prime Minister of Canada (Mr. St. Laurent) stated that there could be absolutely no question of allowing the federal government's sovereignty to be infringed upon by a renunciation of its powers of taxation. We have had two wars and, following these, the federal government was obliged to assume a public debt of the order of $12 or $13 billion and to pay an interest on that debt of $400 or $500 million annually. And a third world war still remains a possibility. That is why we must all co-operate in working for a better social, economic and political future in this country. The federal government, of whatever party it may be, can have no special sympathy or antipathy for the provinces, there can be no question of discrimination towards different races or religions, not even towards the various political parties which govern the provinces. The federal legislation must be uniform throughout the country.

We Quebec Liberals do not want it to be said that through sentimental weakness towards our province, we have contributed to destroy the Canadian confederation.

Mr. Balcer: You are destroying Quebec.

Mr. Breton: No, we do not want to destroy Quebec; all the members of this house know it, and I will go further. The Liberal party has always been an autonomist party and remains so, whereas you Conservatives, when you wish to speak of autonomy, must quote Sir Wilfrid Laurier and the Hon. Honoré Mercier. The Liberal party has always been the defender of the minorities in this country, and, first of all, that of Quebec. Our whole political history is there to prove it. We are autonomists, because we aspire to freedom and cherish democracy.

The confederation was established, Mr. Speaker, so that two great races might unite and work together for the development of our country. It had to be so, if we wanted to create a nation capable of flourishing and of taking its place on the international scene. That is confederation.

A question which should be studied with extreme care, in an objective manner, has become an emotional and confused issue, with utter disregard for the Canadian nation.

There is a nationalism which befits the Canadian government. It is that nationalism which calls for the pursuit of an ideal which leads to independence and sovereignty for Canada in national and international affairs. It was the nationalism of the late Henri Bourassa who has largely influenced our march towards that magnificent goal. We wish to continue his work. Mr. Bourassa rendered a great service to this country by expounding ideas which led at the time to great controversies but which have favourably influenced the policy of this country.

This long digression was brought about by the interruption of the hon. member for Three Rivers. I would now like to talk about taxation and subsidies.

In 1885, Mr. Honoré Mercier, then premier of Quebec, invited the other provinces to take part in a conference for the purpose of forcing the federal government to increase the subsidies.

In 1907, Sir Wilfrid Laurier told the House of Commons that Lower Canada and the maritimes would not have become part of confederation if they had been told that they would have to levy direct taxes in order to get revenues.

That shows that political problems are apt to assume widely different aspects: in those days nobody would levy direct taxes; today everybody is clamouring for them.

In 1953, the Montreal chamber of commerce—or the Quebec chamber, I cannot remember exactly—presented a brief to the Hon. Maurice Duplessis. This brief began with these words: "We are happy to appear before a great leader, the defender *par excellence* of provincial autonomy."

Following which the same organization, appearing before the Prime Minister of Canada, "recognized his great desire for conciliation".

That is a gesture to be noted, and I insist upon it because when confronted with those difficult problems the Canadian government tried to extend a friendly hand to all the governments of Canada in order to foster national unity, without which our provinces, one after the other, may eventually become small republics, having at their head an omnipotent and permanent president. They would have modern capital cities, but their people would be miserable, illiterate and poor. That may be a sad picture, but it could be the outcome of the separatist dream.

I know that the Hon. Mr. Duplessis is not a separatist because he has said too often that he wants to co-operate with the federal government and that the constitution should not be changed. We can count on the fingers of one hand those people who have such nebulous dreams, that can bring about quarrels and disputes such as we are now witnessing in the province of Quebec. Mr. Speaker, I am of the opinion that the immense majority of the people of Quebec and of the whole of Canada are anxious to preserve that structure so patiently and so successfully erected by our forefathers, and I hope that our children will continue to make Canada a beautiful and a great country, that the two great races living side by side in this country will better appreciate each other as they have only one desire, that is to safeguard our liberties, to increase our common security, and to eliminate the inequalities which necessarily exist in a free country.

Our constituents tell us about the great problems with which are faced workers, farmers, professional people and all those other citizens who earn an honourable living for themselves and their children. Through the daily contacts we have with our constituents, we know that nationalistic tendencies are not truly representative of the Canadian people as a whole. We know too of the responsibility which the federal government has to discharge. It is to administer the country to the advantage of all, without distinction. We must understand that we have been sent here with the express mandate of promoting national unity. I am convinced that there are people who try to sow confusion in the minds of the others, but I am confident that the province of Quebec will be able to tell the difference between provincial autonomy and their obligations toward this country.

Mr. Speaker, it seems to me that the autonomist feeling of the province of Quebec is as legitimate and normal as individual aspiration towards liberty. We should not, therefore, hold it against a Quebecker if he should be an autonomist. This is a natural reaction which any democratic system must encourage just as other rights to freedom.

Still autonomy, like freedom, has limits beyond which lie licence and anarchy. In the same way in which every right carries with it an obligation, autonomy or, if you prefer, independence carries with it, in the case of the province of Quebec, responsibilities towards the Canadian nation.

May I be allowed to state at this point that were these agreements arrived at by coercion, and should this mean that the majority in this country was enabled to impose its views on a minority in this country, the Liberal party, or at least its representatives in the province of Quebec should carefully analyse the consequences of such a political attitude. If one reads the history of this country one will notice that the Liberal party has always been energetically opposed to a majority policy whereby no account would be taken of the opinions and rights of a minority. I hope that it will continue as it has done in the past to defend this ideal.

Mr. Speaker, I am told my time is up. I am sorry.

Mr. Speaker: I might ask the hon. members if they would consent to the hon. member continuing his speech.

(Text):

The hon. member has exhausted his time. He says he has just a few more things to say. Therefore would hon. members agree to give him unanimous consent so that he can conclude his speech?

Some hon. Members: Agreed.

(Translation):

Mr. Perron: Mr. Speaker, I have no objection to letting the hon. member continue his remarks.

Mr. Breton: I thank you, Mr. Speaker, and I thank the house for its kind attention. I shall strive to be as brief as possible. I thank more particularly the hon. members who do not understand French but who stay here just the same.

The figures mentioned in the brief of the chamber of commerce gave the impression that the federal government was guilty of centralization and was keeping for itself all sources of revenue. According to that brief the federal government is now taking 77 per cent of all the provinces' revenues, the municipal governments are taking 11 per cent and the provinces 12 per cent.

That is a very sad picture of the federal government's encroachments. I took the trouble of checking how true it was. I obtained figures from the Department of Finance and from the bureau of statistics. Here is the result. Here are the figures concerning provincial and municipal revenues: 75 per cent in favour of the provinces and the municipalities in 1950; 67 per cent, in 1951; 57·3 per cent, in 1952, and 52 per cent, in 1953. That is quite far from the 23 per cent given to the public by the chamber of commerce and repeated in this house by the hon. member for Three Rivers (Mr. Balcer).

Municipalities have powers which are granted or given to them by the provinces. If they do not enjoy more revenue, that is not the federal government's doing, since the provinces can grant them powers of taxation. The province of Ontario for instance helps its municipalities by giving subsidies which come to $4 per capita in the case of Toronto, and $3 in the case of Ottawa, that is $4,000,000 for Toronto and $600,000 for Ottawa. The Ontario government gets along with its municipalities since agreement is necessary for the success and prosperity of Ontario. Quebec should do the same, but that is not our problem. If I mention the fact, it is simply because provincial and municipal revenues have been lumped together.

Now if we merely stop to consider the provinces and the federal government, we will see that ever since confederation the revenues of the former compare quite favourably with those of the central government.

The ratio is about constant. During the depression of 1930, the provinces drew as much revenue as the federal government. And do you know what happened? The provinces kept receiving subsidies from the federal government which did not have sufficient revenue for its own needs and had to borrow to make up its deficits and help the provinces. Situations such as those show why the fiscal problem is a difficult one which calls for experts.

I have here a table of the gross revenue of the provinces compared to that of the federal government from 1867 to 1941, along with a table showing the net revenue from 1941 to 1953. These figures are as follows: 37 per cent of the federal government's revenue in 1867, 28·5 in 1870, 23·4 in 1921, 50 in 1930-31. The federal government had in 1930-31 a total revenue of $327,720,000, compared to $179,143,000 for the provinces. In 1935-36 the percentage of provincial revenue, compared to the federal government's, was 64·4 per cent. Yet, in that same year 1935-36, the Canadian government was still paying the provinces subsidies in a proportion of 16 per cent of their own sources of revenue. The proportions in favour of provinces are always considerable, and in any case, much more important than is shown in the brief submitted by the chamber of commerce.

I conclude for hon. members have already been very patient. We must all, here in Ottawa, consider the fact that the government of Canada has been created for the Canadian nation and that nationalism must only exist as far as it is needed by the Canadian nation. We all must infer that the provinces cannot, nowadays, claim a privileged position with regard to the federal government. Consequently the 15 per cent deduction as suggested by the Progressive Conservatives and approved by the chamber of commerce is not acceptable because it would result in a situation equivalent to giving prior right to the provinces.

We must accept what the Minister of Finance told the Leader of the Opposition at that time. That shows how extremely complex this problem is. An honourable compromise must be reached and the solution will not be found in an electioneering climate, nor through a recourse to ultimatums or the levelling of charges of centralization. That would not settle anything.

At the time of the conference the right hon. Prime Minister of Canada, who was then minister of justice, was willing to make important concessions. He asked the provinces whether they had counter-proposals to make, and he asked Mr. Duplessis what amount he would like to get in return for the renting of his rights for a temporary period. He never got any answer. "Taxation rights must be defined, and the federal government must abandon its rights," said Mr. Duplessis. "Then we might agree to rent temporarily our rights."

I do not think that we can thus settle the fiscal problem in a way that will benefit the economic and political life of our country, or resolve the problems of unemployment, war and peace.

I believe that a compromise is essential and I think that the interests of a party or of a group should not be opposed to those of Canada.

If the Hon. Mr. Frost can recognize, as he did at the opening of the 1952 session in Ontario, that his province didn't give up any of her constitutional rights when the agreement was signed, the hon. premier of Quebec could do the same without any risk. The premier of the province of Quebec would do honour to himself by signing that agreement, and I am sure that he would have the approval of the Canadian people, and, in particular, of the 300,000 taxpayers who will have to pay this tax.

The right hon. Prime Minister of Canada, who was then minister of justice, went as far as to recommend, in his proposals, that the provinces prepare an amendment to the constitution, granting them the right to collect the provincial sales tax in an indirect

manner. They did not even answer. I therefore call upon the good will of the interested parties.

(Text):

Mr. Brooks: On a point of order, Mr. Speaker, I do not wish to seem discourteous to the hon. member, but he has now had about sixteen or eighteen minutes' overtime. It seems to me he is establishing a precedent that we should not like to have continued in this house.

Mr. Speaker: Order. I was just about to rise myself, because for the last seven or eight minutes I heard the hon. member say that he was concluding, and I was hoping for the last word. But it looks to me as though we might be of some help to him and ask him to give us his last word now and resume his seat.

Mr. Breton: I have, Mr. Speaker, and I thank you.

Mr. Donald M. Fleming (Eglinton): Mr. Speaker, it was a poor, scrawny creature that the Minister of Finance (Mr. Abbott) dragged into this chamber on April 6 when he presented his budget. Nevertheless it was accompanied by the usual showmanship, the usual obedient cheering from the Liberal benches, led by the cheer leaders in the front row. But it was obvious to those of us who sat over here and observed the performance that hon. members opposite had not much stomach for the task that had been assigned to them.

There is no reduction of taxes in this budget; there is of course a pretence of certain reductions, Mr. Speaker, but let us look a little deeper. Let us look behind the pretence and the sham to the reality of the situation. We find in two or three of the resolutions that reductions in certain excise taxes on certain goods are proposed. It is interesting indeed, Mr. Speaker, to recall that on many of these commodities these are taxes which this government imposed, in many cases raised, which we of the opposition opposed and demanded should be reduced long ago. And we are glad so far as these limited and meagre reductions extend to see now the success of our efforts in previous sessions. Those of us who sat in this house in the last parliament will recall the fight we put up year after year in budget debates for reductions of the altogether too heavy taxes that were being applied to such articles as electrical appliances, luggage and other things.

But if one looks a little further at these proposals and their contents he discovers some weird and wonderful things in the selections which have been made by the Minister of Finance for his rather limited bounty. If one examines the proposals he will see for instance that the Minister of Finance has found it within his big heart to reduce from 15 per cent to 10 per cent the excise tax on lapis lazuli; whereas at the same time he does not find it within his heart to make any reduction whatsoever in the sales tax on such necessities as clothing, boots and shoes, prepared foods and household furniture. Apparently there is no room in the plans of the Minister of Finance for reduction of taxes on such necessities of life. It is preferable, in his view, to go on adding to the cost of living by collecting those taxes on basic necessities of life.

And then of course there are those strange anomalies, Mr. Speaker. Apparently the Minister of Finance is a two-wheel man or a three-wheel man. He is certainly not a four-wheel man, because if one examines these budget resolutions he will see that the minister is proposing a reduction from 15 per cent to 10 per cent in the excise tax on motorcycles and all other two or three-wheel motor-driven vehicles including motors for attachment to bicycles, but not a copper of reduction in the taxes on motor cars. The bounty of the minister ends with three wheels. There is no place in his economy for a reduction in taxes on four-wheel vehicles. And so we shall have for another year a continuation of a situation where on the low-priced cars, standard models, the federal tax collected in this country amounts to $350 per car; whereas across the border in the United States the federal tax amounts to only $90. Is it any wonder that motor cars are very much more expensive in this country than they are in the United States? The explanation, Mr. Speaker, is to be found in the tax policy of this government, and there is not a cent of reduction found in this budget on the heavy taxes, the extortionate taxes, which are being collected by the federal government on motor cars.

Hidden taxes go on. There has been no attempt on the part of the minister to bring these taxes out in the open so that the consumer, the man who pays for the goods, knows what portion of the price is going for taxes.

Then, Mr. Speaker, any who looked for any possible reduction in the income tax this year has of course looked in vain. The same heavy rates are to be borne by the Canadian people for another year. Taxes start at 18 per cent on the first $1,000 of taxable income and are graduated steeply up from there. But, Mr. Speaker, I suppose the realists in this country, those who know the mind and the

mentality of this taxing government, knew better than to expect reductions in taxation this year, because this is not an election year. The warmth of the feeling exhibited by the Minister of Finance a year ago in bringing in his budget, his consideration for the taxpayers at that time has vanished. It is a bleak chill that he has breathed upon the taxpayers this year. But of course the tax cycle has moved on. This is not an election year, and those who know the mind of this government had no reason to expect that there would be any reductions this year.

Mr. Speaker, there will be no effective, significant reductions in taxation at Ottawa here until this government faces up, as it has never done, to the problem of its own waste and extravagance. Time after time when proposals have been made in this house for review of the operations of government with a view to introduction of efficiency and elimination of waste and extravagance our efforts have been defeated by the government.

This year, what do we see with regard to the matter of expenditure? It happens that the burden of rearmament this year is to be reduced by $128 million as compared with last year. This heavy burden that has been borne by the Canadian people since the outbreak of hostilities in Korea four years ago is to be lightened this year to the extent of $128 million, while still continuing at a total rate of $2 billion. But, Mr. Speaker, has that saving been passed on to the Canadian people in the form of reduction in taxes? It has not, because this spending government has found ways and means of spending an additional $200 million on departments that have no relation to rearmament, an extra $200 million over last year. And so, Mr. Speaker, the Canadian people are to be called upon to pay more in taxes this year than they paid last year because expenditure is to be higher this year than it was last year.

There is a rumour current on this parliament hill that this is the last budget to be introduced by the present Minister of Finance. Well, he has apparently made up his mind that it is to be a record budget, for record budget it is. It is a budget that proposes to take more money from the pockets of the Canadian people this year in taxes than has ever been taken from them in any year in our history. As compared with what was up till then the record year, 1953-54, this budget adds another $76 million on top of last year's total of taxes. It is a record budget in another respect because at no time in all our history, save only at the very climax of world war II, has the government proposed to spend so much money as in this budget. And so, Mr. Speaker, a record budget it is, and as such it should be defeated.

The effects of high taxes are having ever-widening consequences. We see them reflected increasingly today in the high cost of production which is having secondary effects in this country of very serious significance. We see on every hand, every day, Mr. Speaker, the effects of these high taxes in the increasing cost of production, and they have been a major contributing factor in bringing about a situation where our export trade has been falling off to a disturbing degree.

Do you realize, Mr. Speaker, the extent to which, by reason of these high taxes and high costs we have been pricing ourselves out of some of our best markets abroad? The government seems to take no account of that fact, and no responsibility. The effects do not stop with our markets abroad, for right here at home, by reason of these high taxes and the high costs to which they have given rise, we are seeing the loss of our domestic market to goods which are being imported from countries abroad where the burden of taxation is less heavy.

In consequence we see today Canadian unemployment at a post-war peak. The latest government figures issued by the national employment service have shown that on March 18 the number of Canadians applying for work through that service totalled no less than 570,000. We have had no figure to compare with that in the last decade and a half.

Does this budget offer any relief at all for unemployment? Mr. Speaker, the situation is serious but it does not seem to worry this government. They have not faced up to it. They have not even taken the trouble to acknowledge the seriousness of the situation. Already 50,000 of those receiving unemployment insurance have exhausted their benefits. What is the government doing about that? Nothing! And when this situation has been laid before them, when we have asked for a parliamentary committee representative of all the parties in the house to study the question and formulate plans they have defeated all our efforts. And what is their solution for the problem of unemployment? To do something? No, Mr. Speaker, there is nothing that the government proposes to do in relation to unemployment. They have even quite blithely passed up the opportunity this budget offered of doing something to lower the cost of production in these industries where unemployment is very serious today.

One thinks at once of the textile industry. One thinks of the farm implement industry. Are those and others afforded any relief in this budget? Are the workers who are employed in them? No, Mr. Speaker, the same taxes weigh on these industries under this budget as they have weighed in the past. They will carry that same burden in trying to confront competition facing them in the home market today. And the answer of this government? Well, Mr. Speaker, the answer is just the usual shrug of the shoulders; the usual attitude of nonchalance and complete indifference to the situation.

It is evident, Mr. Speaker, that through all these lush years this government has made not the slightest preparation for the situation that has been emerging with respect to unemployment. They have not even been concerned about it. Their record on preparation is a complete cipher.

There was one subject which occupied not a little of the time of the Minister of Finance during his budget speech, and it has occupied the thoughts of a number of hon. members in this house, particularly hon. members from the province of Quebec during the course of this debate. I propose, Mr. Speaker, to devote a few minutes to the consideration of a situation which, as I see it, will assume serious proportions unless grappled with now by the Prime Minister, and can have lasting consequences of a most undesirable nature.

The subject of dominion-provincial relations was introduced by the Minister of Finance in what was a very belligerent and truculent passage in the budget speech he delivered on April 6. One other cabinet minister, the minister of northern development, has spoken on the same subject in this debate and last evening we heard a speech on the same subject from the parliamentary assistant to the Secretary of State for External Affairs (Mr. Pinard).

An hon. Member: And a good speech too.

Mr. Fleming: There have been other speeches delivered by private members on this subject. But, Mr. Speaker, is it not rather amazing that in a subject of such cardinal importance, a subject which now confronts this house, and a subject important enough to engage the attention of two cabinet ministers, that from the Prime Minister we have had not one word in the course of this debate? It has been a very coy performance we have had from the Prime Minister of Canada on this subject in this debate. Dominion-provincial relations are at all times a matter of first importance in Canada. They are in a special sense peculiarly the responsibility and special concern of the Prime Minister. Invitations have been extended in the course of this debate to the Prime Minister to make a statement on this subject. Two weeks ago yesterday my leader urged the Prime Minister to call a conference of the dominion and the provinces about that matter. Only the Prime Minister can call such a conference. Has the Prime Minister taken any notice of that appeal? We are waiting patiently for the Prime Minister to break his very strange silence in this debate. National unity has been shown to be at stake but, Mr. Speaker, the Prime Minister continues silent.

It is a simple proposition of our system of cabinet government that the Prime Minister assumes responsibility for what has been said by his cabinet ministers. Indeed, Mr. Speaker, there can be little doubt the Prime Minister was fully aware of what the Minister of Finance had to say in his budget speech before that speech was ever delivered. But still the Prime Minister has remained silent. Having been privy undoubtedly to this budget speech, being constitutionally responsible for statements made in the course of this debate on this subject by his own ministers, I say, Mr. Speaker, that it is time this house heard from the Prime Minister on this subject and I, for my part, speaking with I hope the modesty becoming a private member, wish to say that I challenge the Prime Minister to enter this debate and make a statement on his position on this subject of dominion-provincial relations.

The situation has been referred to in numerous speeches in the course of this debate, and the hon. member for Joliette-L'Assomption-Montcalm (Mr. Breton) gave us a fiery speech this afternoon. But that is the situation we have seen developing and while, Mr. Speaker, I do not propose to review at length the history of this subject there are, nevertheless, several salient facts in the history of this subject which must, I think, be fully understood.

In a sense the year 1942 is something of a watershed in the matter of dominion-provincial relations in relation to matters of taxation. My reference, of course, is to the wartime agreement for which authority was given by parliament at the 1942 session of this house and which is to be found in chapter 13 of the statutes of that year. Authority was given to the Minister of Finance to enter into agreements with the provinces, and the

keynote of this statute and of the powers conferred upon the government by it is to be found in the preamble, which reads as follows:

> Whereas the dominion and the provinces and certain municipalities have been levying taxes upon incomes and upon corporations, and it is expedient during the continuation of the present war and for a certain readjustment period thereafter that the dominion only should levy such taxes;

What was the background, Mr. Speaker, out of which this statute arose? As we have been reminded, Mr. Speaker, the British North America Act does purport to confer powers of taxation on both the dominion and the provinces. Section 91 of the British North America Act, in subsection 3, purports to empower parliament to make laws for "The raising of money by any mode or system of taxation". Then section 92 in subsection 2 purports to confer upon the provinces exclusive powers including:

> Direct taxation within the province in order to the raising of a revenue for provincial purposes.

Until 1917 the dominion had never entered the field of direct taxation; and when the dominion entered the field under the stress of conditions existing in world war I, Sir Thomas White, in introducing the first federal income tax, referred to it as "a distinct innovation in federal fiscal legislation". He recognized at the time that in most of the provinces there was a municipal tax upon income and indeed, in some of the provinces, a provincial tax on income as well. The fact of the matter is, Mr. Speaker, that prior to 1942 the majority of the provinces of Canada had already enacted laws providing for a provincial income tax. In addition, some of them had passed laws providing for municipal income tax. For instance, British Columbia levied its first income tax in 1876, Prince Edward Island in 1894, Manitoba in 1923, Alberta in 1932, Saskatchewan in 1932, Ontario in 1936 and Quebec in 1939.

Mr. Pickersgill: In 1940.

Mr. Fleming: The year in which it was enacted was 1939.

Mr. Pickersgill: If the hon. gentleman will look up the date, I think he will find it is 1940.

Mr. Drew: No; it is 1939.

Mr. Fleming: If the hon. gentleman who interrupts would be a little more sure of his facts, Mr. Speaker, I think he would have less to say in the house.

The situation in 1942, Mr. Speaker, was that the majority of the provinces had already entered the field of provincial income taxation and had also passed laws providing for municipal income tax within their boundaries. It is also an interesting fact that the dominion from 1936 on co-operated—in a way in which they are not prepared to co-operate today—with these provinces which were collecting a provincial income tax. To facilitate the collection of the provincial income tax, to reduce the cost of collection and the burden of machinery, and to have some regard for the taxpayer who has to make out the forms, the federal government collected the provincial income tax and combined the federal and provincial collection in one return form. That was done, Mr. Speaker, by the federal government in connection with the provincial income tax of Ontario, Quebec, Manitoba and Prince Edward Island. Those of us who lived in one of those provinces well recall the forms. The form provided for the usual tabulation leading up to the calculation of the federal tax. Then we arrived at the taxable income for provincial purposes and to it applied the provincial rate in a short addition to the federal form. It all went in in the one form with a minimum of trouble to the taxpayer and a minimum of expensive collecting machinery.

Mr. LaCroix: When was that?

Mr. Fleming: That was being done from 1936 on until 1942. In 1942 under the stress of wartime conditions the provinces, with some understandable reluctance, agreed to step out of these fields in return for certain payments guaranteed to them under the agreements and with the firm understanding that these fields of taxation would be restored to them when the war was over. I read the preamble of the statute. You will recall, Mr. Speaker, that the preamble expressly provides that these agreements were of limited duration.

What has the situation been since 1942? Mr. Speaker, I do not dwell in detail on this matter but I point out that the principal fact which emerged in this field since 1942 is the skyrocketing rise of the federal income tax. Along with it has gone an increasing responsibility upon the provinces and municipalities and rising costs to them of all those services which they are called upon to render to their people. In the meantime, the provinces which had these income taxes had largely disbanded their collecting staffs.

Along came the dominion-provincial conference in 1945; it was adjourned to 1946, adjourned in 1946 and not then resumed. It was adjourned under circumstances that made it quite clear that it was to be resumed, but it never was resumed. Instead, the federal

government then began to make individual dickers with individual provinces. But then there was a ray of hope in 1950. After the federal election of 1949 it seemed as though some sanity was to be introduced into this situation, and that some attempt was to be made to bring the dominion and the provinces together; because then the federal government called a dominion-provincial conference to meet here at Ottawa at first. Later it adjourned to Quebec and resumed there with respect to one particular matter of concern, namely methods of amending the Canadian constitution in Canada. But discussions on financial aspects of federal-provincial relations were not resumed in any conference and the responsibility for the fact that those discussions were not resumed rests upon the shoulders of the government opposite.

Let it not be forgotten that in these conferences some eloquent voices were raised against any attempt on the part of the federal government to crowd the provinces out of those fields which had been theirs prior to 1942. One thinks at once of the eloquent voice raised time and again in those meetings and in public even after those meetings, frequently, by the late Angus Macdonald, premier of Nova Scotia, when he reminded the Canadian public as well as the people of his own province that the rights of the provinces must be respected, and that if we are to have regard for the fact that this constitution under which this country was brought into being is a federal constitution, then the federal government cannot elbow the provinces out of rights and fields of taxation that were given to them by the constitution.

I hope it will not be forgotten, Mr. Speaker, that the first voice raised in a dominion-provincial conference, by way of acknowledging that the central provinces, by reason of the fact that most of the large corporations have their head offices in those provinces, should share some of the taxation benefits of that fact with the other provinces, was my leader who was then premier of Ontario.

Yes, Mr. Speaker, and regard should be had for a principle which apparently in the government of today has no place. It is the principle of which the house was reminded in his speech yesterday by my colleague the hon. member for Three Rivers (Mr. Balcer), who recalled the words of Sir Wilfrid Laurier, echoed by the late Mr. King, in pointing to the unsoundness of a situation where one government collects and another government spends. But these sound admonitions have been forgotten by hon. gentlemen opposite. There is no place any more in the thinking of this government for the kind of principles that the leaders of the past, Sir Wilfrid Laurier and Mr. King, thought to be axiomatic in Canada.

Let it not be forgotten, Mr. Speaker, and let it not be denied that the federal government has made it as tempting as possible for provincial governments to sign these agreements.

These agreements are legal, they are binding, and they must be honoured. Let there be no question about that. I was shocked last summer, in travelling through Manitoba in the course of the election campaign, to find that the Minister of Justice (Mr. Garson) was trying to frighten the people of that province into thinking that the dominion-provincial agreements then existing would be jeopardized if a Conservative government were elected to office. Such utter nonsense, Mr. Speaker! It was a fiction. The fact of the matter is that the Conservative party has said that those agreements would be honoured and would be respected and carried out to the letter. That is still the position of Her Majesty's opposition.

Mr. Pickersgill: May I ask the hon. gentlemen a question?

Mr. Fleming: With pleasure.

Mr. Pickersgill: Would they be renewed at the expiry of the present agreements?

Mr. Fleming: I am quite sure that whatever deal is acceptable to the provinces when these agreements expire the provinces would get an infinitely better deal from a Conservative government than they would from this Liberal government, and nothing will be forced down their throats either.

Mr. Harris: You would raise the ante, would you?

Mr. Fleming: We have heard some interesting departures in this debate on the part of hon. gentlemen opposite—the latest interruption is symbolic—departures from the realm of reality and flights into the realm of fancy. What was the situation? The provinces at the conclusion of the wartime agreements had been out of the field of levying direct personal and corporation tax for some five years. It was politically difficult for them to re-enter that field. The resumption of taxes that they had collected for years before 1942 would have looked to many people like a new tax. It might not have been politically possible.

In the second place, many of them had no collecting machinery and, Mr. Speaker, at that point the federal government refused to do any collecting for them. What had

been possible before the war, what the federal government had willingly done up to 1942 the federal government was not prepared to do after 1947.

In the third place—and this is the most important fact of all—the federal government had so completely occupied the field of income taxation, whether on individuals or corporations, by its extortionate rates of taxation that there just was not room in that field for any other taxing authority. All the adroit sophistry we have heard on the part of the Minister of Finance and others who have spoken in the same vein, talking of respecting the concurrent rights of the provinces in the field of taxation, simply ignores the hard facts of the case. The camel got its head into the tent and the camel, the federal government, proceeded to get its whole body into the tent and occupied the whole tent. There was no room at that stage for any provincial government to climb into the tent. There was no room for any provincial camel any more.

There is the hard fact of the situation, and there is the fact that makes this sophistry we have listened to from the Minister of Finance and others so completely unrealistic. You can talk today about concurrent rights on the part of the provinces, the Minister of Finance and others can say that the provinces have just as much right as they ever had to levy income tax on persons or corporations but, Mr. Speaker, you must take account of the fact that the federal government is already taxing to the limit in those fields. That is the inescapable fact, and no amount of fallacious sophistry on the part of hon. gentlemen opposite will change that fact. Nothing will change it except action on the part of the dominion and the provinces to come together to reach an agreement in this field and then action on the part of parliament and the legislatures in consequence.

Now, Mr. Speaker, as a gesture the Minister of Finance has made provision in recent years to allow provincial governments to collect the equivalent of 5 per cent of the federal tax on individuals, of course with their own machinery, and to collect the equivalent of 5 per cent of the federal tax on corporations up until a year ago, at which time it was increased to 7 per cent. The situation now remains that part of the taxes paid by taxpayers, whether personal income tax or corporation tax, in any province which has not signed one of these agreements with the federal government, is used in part to pay rentals to the signing provinces. What is left by the existing federal legislation to any province that does not sign an agreement, namely 5 per cent of the federal income tax on persons and 7 per cent of the federal income tax on corporations, is not nearly as much as any non-signing province would receive if it signed an agreement.

Mr. Lesage: Except Ontario.

Mr. Fleming: I will deal with that because the agreement with Ontario is not complete. It does not include succession duties. It was limited.

There is one other fiction that has a bearing in this debate with which I wish to deal and deal explicitly. It is the fiction that no pressure has been applied by the dominion government on the provinces. That is so far from the facts as to bear no resemblance to them.

I have pointed out in the first place the inadequacy of any field left to any non-signing province without imposing on its taxpayers burdens that, in addition to the existing federal impositions, would be too heavy to be borne. In the second place, there has been that obstinate refusal on the part of the federal government to collect provincial income tax for any provincial government which seeks to collect its own personal tax or its own tax on corporations. It has compelled any such government to set up its own expensive collecting machinery. In the third place, the federal government has tried to make these agreements as attractive as possible to any province in the hope that all will sign. But, Mr. Speaker, there is more direct evidence than that of pressure on the part of the federal government. One has only to recall the statements made by the ministers who signed the agreement on behalf of the Alberta government a few years ago when remarks were made on the part of these ministers that a pistol had been held to their heads and they were signing the agreement virtually at pistol point.

This afternoon the hon. member for Joliette-L'Assomption-Montcalm (Mr. Breton) had a good deal to say about the fact that the premier of the province of Ontario had signed an agreement in October, 1952. Evidently he has completely overlooked what the premier of Ontario had to say about the agreement that he signed at that time, for here are the words that were uttered by the premier of Ontario on October 21, 1952. He said that at best the agreement was nothing more than a "stopgap arrangement." He warned that it did not provide a solution to the municipal problem, which in turn is "dependent on a shift of taxes and revenue from dominion sources to the province and then to the municipalities". These next words are a direct quotation from his remarks:

> We have urged the dominion government to begin discussions with the provinces to obtain these objectives. The present tax system is outmoded.

These are the words of the premier of Ontario and he has made similar statements since that are to the same effect as the remarks he made at that time.

Nothing short of a dominion-provincial conference seeking agreement with reference to fields of taxation will be adequate to meet the needs of the situation. The provinces of Canada have important constitutional rights and responsibilities. Those rights and responsibilities must be respected. In Canada we live under a federal system. There never would have been a Canada had there not been a federal system and, sir, the responsibilities which the provinces and their creatures, the municipalities, are bearing today are becoming ever more costly. While that process has been continuing, while their burdens have been growing, the federal government on the other hand has in fact been increasing its powers under our constitution by the extent to which it has been centralizing at Ottawa the collection of revenues. Sir, prior to the war the percentage of the total taxes in Canada collected by the federal government was 39 per cent. Last year that percentage had doubled to 78 per cent. More federal taxation and expenditure mean more federal power at the expense of the provinces.

Warnings like those that came from the eloquent tongue of the late Angus Macdonald have fallen on deaf ears opposite, so that today we have confronting Canada a situation which is the inevitable result of the policies followed by the federal government and its failure to seek agreement with all the provinces through the medium of a dominion-provincial conference.

This situation, Mr. Speaker, is a matter of concern, not simply to the province of Quebec, not simply to Quebec members in this house, but to all of Canada, because we see here, and have seen it in this debate, the wells of Canadian unity being poisoned by the statements that have been made by hon. members opposite; bellicose statements exposing the same kind of belligerent truculent attitude that was shown by the Minister of Finance during the course of his remarks in the budget debate.

It is imperative that there be called a dominion-provincial conference. Only the Prime Minister of Canada can call a dominion-provincial conference. The agenda for that conference must include this whole field of taxing powers and responsibilities. It must take due account of the necessity of honouring and respecting, both in the letter and in the spirit, all existing agreements. It must seek in the long run, under the proper auspices and with a patriotic Canadian spirit, to secure a better deal than any of the provinces have had as yet. It would mean an end, Mr. Speaker, to a situation such as that which now has arisen and for which this federal government must accept responsibility.

No one in this house has spoken more eloquently on the subject of national unity than has the Prime Minister, and upon the necessity for maintaining that unity. Today national unity in Canada is threatened by this situation that has been allowed by the federal government to emerge. Provocative truculence on the part of ministers and members opposite is no contribution to the settlement of this problem. What has been exhibited here on the part of the federal government is evidently a determination to beat the province of Quebec to its knees.

Yes, Mr. Speaker, it was a strange afterthought, it was a remark completely out of tone with the other remarks made by the Minister of Finance in his budget speech, when he said at the end of his remarks that the door was still open. It was a curious afterthought, and completely different from the prevailing tone of the minister's remarks in relation to this subject in his budget speech. It is evident that if there is to be any discussion, so far as the attitude of the government opposite has been expressed, the Quebec government will have to come cap in hand and rap on the door of the Minister of Finance.

I say this is a matter of concern to all of Canada. The fact is that all the provinces have asked for a resumption of the dominion-provincial conference. When it adjourned in 1950 it did not end there. It adjourned, ostensibly to meet later, with optimistic statements on the part of the Prime Minister and other representatives of the federal government; optimistic statements about the good that had been accomplished by the conference and what was yet to be accomplished in the course of further discussion.

Is it not a strange contradiction, is it not an amazing commentary on the attitude of the government opposite, that at this very moment at Geneva representatives of the Canadian government are sitting around a table with representatives of communist governments, Russia and China, to discuss matters of at least common concern, yet the Canadian government will not bring itself to sit down with fellow Canadians representative of the provinces to discuss matters of common concern?

It is not long ago that the Prime Minister returned from a tour abroad during which he visited several of our sister nations of the commonwealth. He undertook this tour with the complete approbation, and indeed the earnest good will of all political parties in this house.

During the course of the tour the Prime Minister gave expression, as indeed we all knew he would, in his visits to other countries, both those in the commonwealth and those outside the commonwealth, to the Canadian spirit of friendliness, conciliation and good will. This same spirit is urgently needed now here. It rests with the Prime Minister of Canada and no one else to decide whether a dispute, which has already been the occasion of very bitter expressions on the part of some hon. members opposite, a dispute which apparently is becoming more bitter day by day if we are to judge by their bitterness, is to be permitted to continue to become more divisive, more threatening to Canadian unity, or whether instead there is to be a sensible approach in the true Canadian spirit of good will and understanding. Which course is to be followed, bitterness, disunity and division, or the conference table, the spirit of good will, understanding and accord? The choice rests with the Prime Minister of Canada.

Mr. Pickersgill: I wonder whether I might ask the hon. member for Eglinton (Mr. Fleming) a question. I ventured to suggest that the Quebec income tax was imposed in 1940 rather than in 1939 and the hon. member suggested I did not know what I was talking about. I wonder whether he has seen chapter 16 of the statutes of Quebec 1940, which imposed the Quebec income tax?

Mr. Fleming: This is a curious remark from the hon. member. I suppose he is not unfamiliar with a reference book prepared in 1945 for the dominion-provincial conference on reconstruction, the so-called green book, bearing the label "Personal Income Taxes." It is a federal publication, so perhaps he even had something to do with compiling it. If he will be good enough to look at page 21 he will see the federal government had this to say under the heading "Quebec":

> The province of Quebec first levied a tax on income in 1939 (chap. 16, Laws of 1940). It differed from the tax of the other provinces in that it imposed a flat levy of 15 per cent on the amount of tax payable by an individual to the dominion . . .

I draw to the attention of the minister the fact that this tax was first imposed in 1939. I think he is dealing with the statutory reference of 1940. There may have been a change made then, but I am prepared to go by what the federal government said in its green book.

But, Mr. Speaker, be that as it may, whether it began in 1940 or 1939, it had been in existence for not less than two years before the dominion-provincial agreement of 1942. And I also draw to the attention of the hon. member the fact that the rate then in effect in the province of Quebec was 15 per cent of the amount of taxation payable by an individual to the dominion—the same rate now proposed. The federal government in those days was generous enough and big enough to collect that tax on behalf of the province.

Hon. J. W. Pickersgill (Secretary of State): Mr. Speaker, I think, if I might be permitted to say so, that the hon. member was misled, as others were misled.

Some hon. Members: Oh, oh.

Mr. Pickersgill: Well, I have not spoken in this debate; and this is all I expect to say.

The hon. member was misled, as others have been misled, by the not very precise reference in the green book. But the fact is, as he would see by looking at chapter 16 of the statutes of 1940, that the tax was imposed in 1940 and that it applied to income earned in 1939.

Some hon. Members: Oh, oh.

Mr. Pickersgill: Well, it is a matter of some little importance. It happens to be a matter of some little importance because in 1939 the present premier of Quebec was in office in that province. In 1940 he was leader of the opposition in that province and he objected, I understand quite vigorously, to an income tax being imposed in Quebec, as being something that was quite unnecessary.

Mr. Fleming: May I ask the Secretary of State a question? Did he write the green book?

Mr. Pickersgill: That's a secret.

Mr. F. S. Zaplitny (Dauphin): Mr. Speaker, I have no intention of following what has been said in the last while by hon. members who have preceded me in the debate in the discussion of a number of very interesting subjects. We have heard many speeches on dominion-provincial relations; and earlier today we heard from the hon. member for Lethbridge (Mr. Blackmore) an interesting address on the subject of Social Credit. Let me say at once that I always enjoy his exposition of the subject. Each time I hear it I have the hope that I will understand the theory. Yesterday evening I think he came about as close to disclosing the philosophy as he ever did when he mentioned that it had been referred to as scrip tease. I thought that at last he was getting down to the bare facts of Social Credit. But it was not to be.

What I have to say will not follow along the lines of the debate which has been taking place this afternoon. I would like to speak directly to what is in the budget speech, particularly as it affects trade. In my opinion this budget overlooks a great many

things which the people of Canada had a right to expect to find in it. My understanding is that a budget should do three things: It is a review of the current economic position of Canada; it is an announcement of the fiscal and other changes to be recommended by the government; and it is also a forecast of government policy. Under those three headings I should like to examine the provisions in the budget and see to what extent they are satisfactory.

First of all, in giving a review of the economic situation in Canada I believe the Minister of Finance tried to give a rather optimistic picture. However in one or two places in his speech he had to admit—and I shall quote his own words—that the situation is not as rosy as he would like to have us believe. For example, as reported at page 3725 of *Hansard* for April 6, he made this significant statement when he referred to the fact that there has been a slowing down of business activity and a drop in incomes in certain sectors of our country. He gave this as the reason:

> This slowing down in the growth of defence expenditures no doubt contributed to the levelling off of production in some industries that became evident toward the end of 1953.

That is a significant statement, for this reason, that at various times the public has been led to believe that it has been the general economic policy of this government and of the party which now holds power that has been responsible for that condition in Canada described as prosperity. But now we have the significant statement that due to a lower expenditure on defence, immediately there has been a slowing down of production, a levelling off of prices, and so on.

Mr. Benidickson: In some industries.

Mr. Zaplitny: Yes, in some industries; and later on I shall point out the industries concerned. The significant point is that we are told all these conferences that are being held throughout the world, including the one in progress today, are designed to bring about a peaceful situation in the world, a situation in which all nations can continue to live in peace and prosperity. I believe all nations are looking forward to a time when war will become unnecessary.

If that is the over-all objective, then we must dare to hope that defence expenditures will be reduced as a regular thing in the future. If the small drop in national defence expenditures in Canada this year has already affected our economy to the extent indicated by the Minister of Finance, then surely it is time to do some serious thinking as to what the effect will be if conditions were such that it was possible for us in Canada as well as for people in the United States and in other countries to cut defence expenditures in half, or to even less than that. Surely that is a matter which must be given serious consideration. Because until the beginning of the second world war we had a situation in Canada which was described in various terms, but was commonly known as a depression. During those times there were members in the house who suggested to the government that it was not necessary, in a country as wealthy as Canada in potential natural resources, to have unemployment and to have poverty in the midst of plenty. Those suggestions and ideas were disregarded. In fact I well remember that Mr. Dunning, who was minister of finance in those days, used quite often to brush aside such suggestions with the question, "Where is the money to come from?"

Later on as we moved along it was discovered that money was the least important of the considerations, and that as long as we had the natural resources and the potential, a medium of exchange could be found. And it was found. We found we could expand the economy and the industry of this country to an extent undreamed of in 1939. Those who would have said that it was possible in, let us say, 1938 or 1939 to expand the production and industrial potential capacity of the country to the extent it was expanded in, let us say, 1945, would have been called, and indeed were called, dreamers and visionaries. Yet they spoke the economic truth.

I wish to refer to another statement in the minister's speech, found on the very next page, where he said:

> There is no need for me to go into detail concerning the nature of the present economic situation. It is characterized by more unemployment than we had last year at this same time, and by more unemployment than any of us like to see. It is marked also by a slackening in the growth of production and by declines in certain industries.

There is an indication of the fact that we are slowly, perhaps not too slowly, drifting back into a position of recession which may end up in a major depression. The reason I put that on the record is that the paragraph farther down, as far as I can see after reading the speech, is the only recommendation the minister had to make as to what could be done about such a position. Here are his words, as reported at page 3726 of *Hansard:*

> The re-emergence of keen competition in trade means readjustment and reappraisal. It means a sharpening of pencils and a careful re-examination of managerial and labour efficiency. This is not an easy process, but it is a very necessary one, and the longer it is postponed the more difficult it becomes.

So far as I can see, that was the advice the Minister of Finance (Mr. Abbott) had for those industries who find themselves in a

depressed position. He advised them to sharpen their pencils, to look into their methods of doing business, to create greater efficiency and so forth. May I suggest, Mr. Speaker, that that is not the solution. I do not believe that anyone in this house seriously believes that that is the solution. It is not a matter of greater or more efficient production. When we look over the situation in Canada and when we listen to the speeches of private members on the government side of the house, we hear from day to day that their greatest problem is in the field of marketing. We have surpluses of this and of that; we have produced and are producing great quantities. It is not a matter of being able to produce more; it is not a matter of greater efficiency. It is a matter of creating, in my opinion, a proper price relationship in order that the medium of exchange may be as equally distributed as it is possible in our economic set-up so that the wheels of industry may continue to turn.

I now come to some of the budgetary changes. I do not need to go into detail. They are available to the public and printed in the press. It strikes me as rather strange when I look at the changes that were made, —and I am in favour of some of them; for example, the reduction or the removal of the sales tax on implements or equipment used by municipalities, the reduction of excise taxes on certain goods, are desirable— when you boil it all down, when you study all the budgetary changes you find that it all amounts to so little that the general public has expressed a great deal of dissatisfaction and discontent.

Only a short time ago, in the budget before the election, it struck me, as I went back over the literature published by the Liberal party during the election, they took a great deal of credit for what they called the "sunshine budget". They took a great deal of pride in some of the tax reductions that were made. They made it appear as though they were well on the way to lifting some of the tax burden from those who now have to bear it. Since the election is over we seem to come right back again, to the budget which was brought down this year and which I think was correctly described by the hon. member for Eglinton (Mr. Fleming) as a scrawny budget. It has been described in various terms. I find in one of the newspapers that the secretary-treasurer of the Canadian Congress of Labour characterized it as an empty budget. He was not far out. They also point out that the government seems to have ignored almost completely the representations made by agriculture.

[Mr. Zaplitny.]

I am not going to go through that, but to illustrate I hold in my hand a letter and certain other representations made by the Manitoba Federation of Agriculture and Co-operation. This is an organization which represents a large number of farmers. It also represents the co-operative movement in Manitoba. I have found them to be extremely modest in their requests, and so has the government. We are informed that this organization made a certain request to the government with respect to certain tariff changes. To give an illustration of the way they feel about it I shall read the first two paragraphs of this letter. It starts out by saying:

> On March 9, 1954, in a memorandum presented to the Minister of Finance, the Canadian Federation of Agriculture, of which this organization is a member body, requested that certain changes be made in the Customs Tariff and the Excise Tax Act.
>
> In bringing down his budget on April 6, the Hon. D. C. Abbott made no reference to the suggestions of the federation of agriculture and made none of the suggested changes in the Customs Tariff or Excise Tax Act. This is a regrettable omission.

To that I say, hear, hear. In a moment I shall make reference to some of the requests that have been heard. Those requests were exceedingly modest and reasonable and I dare to hope that the government will yet take the opportunity, which will be present when we are in committee, to recommend certain amendments to the resolutions which will be before us and make those changes.

The federation asked that all instruments of production used by farmers in Canada be duty free. Certainly there was nothing very radical about that request nor anything very unreasonable about it. It is in line with what the government says is their policy. We have been repeatedly told that they believe in lower tariffs; that they do not believe that farm implements, which enter into the cost of production, should be subject to customs duty. But there are a number of very important pieces of equipment, let us say, which are used in farming which are still subject to taxes, and this organization asked that they be removed. Nothing was done about it, and no mention was even made of that request in the budget speech.

They also asked that the sales tax on stock feeds be removed, and that apparently was not done. One or two other requests were made which I hope the government will still be prepared to carry out before the resolutions are carried.

What about government policy? I believe that is the most important part of the budget, Mr. Speaker. Apparently what budgetary changes the minister has recommended the

government feels are sufficient. We may have a difference of opinion on that, but we are not going to be able to do very much about it. Government policy is important because it has to do with the future. And in a country as young as Canada I believe we must have a policy, and a great deal will depend on the type of government policy that is in operation in future years. I find that the government has actually no policy for the future. I say that because in 1949 the Minister of Trade and Commerce (Mr. Howe) made a certain statement as to what the philosophy of the government was and that was quoted as recently as March 9 by the Secretary of State for External Affairs (Mr. Pearson), apparently with approval. These are the words:

> Canada is a free enterprise economy and the initiative for economic expansion rests with private individuals and firms. The government will endeavour, through its policies, to create a climate within which private initiative thrives and industrial expansion is encouraged.

There is nothing particularly wrong with that statement except for the fact that when you analyse it it means that the government is prepared to do nothing in the way of economic planning, believing as they do in what they call free enterprise, which sometimes is referred to as private enterprise. Call it what you will, they believe in the policy of laissez-faire, drift. I take issue with that policy because I believe we are in a time in which, whether this government likes it or not, whether any party in this house likes it or not, the government of Canada is going to have to take a greater share in the economic affairs of the country if they are to fulfil their responsibilities.

We have advocated and do advocate economic planning. There are those who oppose it. Well, let us face the issue. Let us give each other the benefit of the doubt. We are honest about our opinions. We believe in economic planning because we believe that there is nothing that can be substantially accomplished without planning. That is being proved every day in our business and industrial affairs. It does make a difference what the planning is for and it makes a difference who is doing the planning, but if the government actually believes that they are going to take some responsibility for the general welfare and the economic development of the country they must accept that the philosophy of economic planning is necessary.

After examining the proposals of the budget and the budget speech we have heard questions asked everywhere on certain points. I am sure hon. members who were home recently during the Easter recess have had these questions thrown at them regardless of the constituency they represent or the party to which they belong. People are asking what is being done about unemployment. What are we going to say? Are we to quote for them the words of the Minister of Trade and Commerce which apparently is government policy? He stated that it is private initiative which must look after the economic affairs of this country, and that the government takes no responsibility for these matters. Are these the answers we are supposed to give the unemployed? If we are to follow out the government policy and interpret it in that way then certainly the people in this country will wonder what we are doing.

We are asked about the grain situation. Recently figures have been presented in the press showing that over one billion bushels of grain are now available in Canada. We will soon be entering into another crop year. In 1954 the acreage under seed will be as high as ever and it is estimated we will have another huge crop for this year. But then, if we get a good crop, as good as we have had in past years, what will the situation be? How are we going to turn that grain into cash? I agree, to some extent, with what the Minister of Agriculture (Mr. Gardiner) has often said, namely, that a large amount of grain in storage on the farms or in the grain elevators is not a bad thing. Of course, I believe we might well have lean years as well as the more productive years we have had, and the situation may well arise when we may be very happy if we have a great deal of grain in storage because it is one of the best, and least perishable foods on this earth. But the farmer has to pay his expenses, pay for his tractor fuel, hired help, and all the other incidental expenses which go into farming, as the Minister of Agriculture very well knows. To the farmer grain stored in the granary or in the elevator, unless he can turn it into cash, is not a very useful commodity. Therefore, something has to be done to turn that into cash. Various suggestions have been made but none of them apparently have met with the approval of the government, though it is a matter which is becoming more and more urgent, particularly since we are approaching next year's crop.

We have been told by the Minister of Trade and Commerce that the best we can hope for is a quota of seven bushels per acre during the present crop year. But what will the situation be after that? On the first of August it is more than likely to be down to two bushels an acre again and how will farmers handle that situation when they have some 1952 crop, when they have not sold the 1953 crop and the 1954 crop is coming on top of that? How are they going to meet their expenses? How are they going to safeguard

their credit which is even now in jeopardy? And how are the dealers and local merchants going to continue to carry their customers with the credit they have been extending, unless some of that grain, or a substantial part of that grain can be turned into cash? That situation has to be faced and faced very quickly, but apparently so far the government has no plan and has given us no hope that they have any solution to the problem.

The government has turned down all the suggestions that have been made. The budget debate has not brought out any new suggestions, nor have any alternative suggestions been advanced by the government. We are anxious to know what they are going to do about that situation.

Then there is the question of price relationship. I am not going to speak extensively on that subject this evening because I have spoken so often on the question of prices in this house that I hesitate to weary hon. members any longer. But I feel strongly about this because I believe a great many of our troubles can be traced to the price policies of the present administration. I believe it was a major mistake when in 1946, 1947 and 1948 the government began to abolish price controls as quickly as possible and permitted the condition to be created where price relationship went entirely out of joint.

The government, of course, will probably say this is a matter which can be handled quite properly within the provinces. I am not going to go into that controversy because we have heard enough about dominion-provincial disputes during this debate. But I would like to say this, that no one can seriously claim that any provincial government in this country could successfully operate a price control system within its own borders. It is either a question of this parliament enacting the proper legislation or we will not have it at all. Let us get that point quite clearly fixed. But in speaking of price control, and I have mentioned this point before, I hope it will be clearly understood that I do not necessarily mean lower prices. As a matter of fact, it does not have to mean lower prices at all. It would mean the establishing of a price relationship so that the cost of production can be safeguarded in relation to the price at which the product is sold.

At this point I would like to refer once again to the speech of the Minister of Finance and point out that what this government has done is to permit 50 per cent of the savings and of the incomes of those who are on pensions to be confiscated by inflation. I make that statement on the authority of the Minister of Finance himself, although, of course, he did not say so in so many words. However, if you turn to the appendix to the budget, at page 3759 you will find a graph which sets out the gross national expenditure and underneath that there is written "in current and constant dollars." Now the current line on this graph shows $24 billion and the dollar, taking 1935 to 1939 as a basis of 100, drops down to exactly one-half. In other words, this is an admission by the Department of Finance that the dollar of 1935 to 1939 is today worth exactly 50 cents. It means that those whose income has not increased since price controls were removed, and who are for example on a pension or a war veterans allowance, or some other fixed income, have had one-half of their income confiscated by inflation.

Now that is a fact which the government cannot dispute, and that has also been the effect on those who have saved up a little money during the years of the war or previous to that, or who retired during 1945 and 1946 as many people did. They are mostly farmers and business people and others who have saved up a little money, put it in the bank, and hoped that that money would see them through. They have found that inflation has confiscated 50 cents of every dollar they saved. That is also true of people who bought war bonds with dollars which were worth 100 cents. When they receive their money, or when these bonds are redeemed, they are going to get dollars which are now worth 50 cents.

That is confiscation and it is a strange irony to find that the same party which so often used to accuse the C.C.F. of the intention of confiscating the people's money through nationalization of the banks—though that is a form of propaganda I do not hear any more—themselves today stand guilty of having confiscated 50 per cent of the savings of the Canadian people and of all those who are on a fixed income such as a pension.

That is what has happened under our price relationships since price controls were taken off; and that is not all of it. We have a marketing problem. We were told by the Minister of Agriculture not so long ago that there would be no difficulty in selling Canadian farm products on the overseas market provided we are prepared to accept the price that they are willing to pay. That statement in itself may be a perfectly truthful one, and I am not disputing it; but what does it mean? It means that Canadian producers, whether they be producers of grain, livestock or any other farm commodity, would have to accept, in many instances, a price which would be less than or very close

to the cost of production. In other words, they would have to accept a price at which they could not economically operate their farms. If we had a proper system of price relationships, where the costs of production could be safeguarded by keeping at the proper level the price of things that go into the cost of production such as fuel, farm machinery and all the other things that go into farm production, it would be possible for Canadian farmers today to accept a lower price than that which they are currently asking or getting and to retain those world markets which have slipped through our fingers in recent years. But certainly no one today can be heard to say, "Oh, yes, we have allowed your cost of production to go up until it is almost double what it was a few years ago, but if you are willing to sell your production at half the price you are now getting, we will find markets for it." We have got ourselves into that dilemma owing to the fact that there is no proper price relationship between the cost of production and the price of the goods we sell.

Then what about social security? I have already pointed out that inflation has reduced the real income of those who are on pensions, who draw family allowances and so on. People are asking what this parliament is prepared to do about increasing family allowances, old age pensions, blind pensions and so on, in order at least to compensate them for the loss they have sustained due to inflation. After looking through the budget and listening to the speeches made so far by those on the government side of the house, I can offer no hope to those who ask these questions. Apparently nothing is to be proposed to this house this session with the exception, of course, of legislation which we expect in respect to persons who are disabled.

When we plead for improvements in our social security measures we are often admonished by members on the other side of the house, including members of the cabinet, —even the Minister of National Health and Welfare (Mr. Martin) himself—who point out that it is going to cost money to do these things. Obviously it will cost money. But, Mr. Speaker, I plead on behalf of the aged, the disabled, the blind and so on and I do so without any apology because I ask for them no greater generosity than that which the government has seen fit to lavish upon the members of this house and the members of the Senate. There seemed to be no hesitation with regard to where the money was coming from in that respect.

Then what about a national health plan? Obviously that is another one of those skeletons in the closet which the government hopes will not rattle too loudly and will not attract too much attention. They hope that they can tiptoe past that issue quietly without having it raised too many times during this session. But it is another one of those election promises which have been made again and again. No doubt it will be made just as blithely at the next election as it has been in the past. I think it is time to play fair and to be honest with the Canadian public. If this government intends to bring in a national health plan, then certainly something should be done in this session to indicate that it is going to be done before this parliament is dissolved.

I have already pointed out that we believe in economic planning and in establishing a proper price relationship. May I just say now in a general way that I believe it is time we had a new economic philosophy, a new way of looking at things. Here I speak for myself only as an individual, and I say that I believe it is time we accepted the philosophy of co-operation in place of the philosophy of competition. I know that a large majority of the members of this house think that the competitive system is the right type of economic system. I respect their views, but to me it runs counter to all the other teachings and to all the other things which we accept as being right on the moral side of life. From the time we learn to speak or start in to school or take part in any activities in relation to our fellow human beings, we are taught to respect each other and to help each other.

For example, we are taught the golden rule: Do unto others as you would have them do unto you. But as soon as we get into the economic sphere, as soon as we get to the age where we must make a living, then we have to pervert and degrade the golden rule. In order to live with the system you have to do others before they do you. There is something fundamentally wrong about that concept. There is a conflict between the moral forces which we accept and boast about as the Christian principles of kindness and brotherly love. Then we turn around in our economic affairs and we attempt to live in a cutthroat or jungle fashion: we compete and fight. Often I used to thrill to a statement made by the former prime minister of Canada. I used to love to hear one phrase he used so often during the years of war, when he said that we must have a new social order in which human need will be the cardinal principle and not human greed. How little of that philosophy one finds in this budget or in the policies of the present government.

I believe it is time that we accepted the philosophy of co-operation, of helping each other in our activities, and translated that philosophy into our economic system. It is not something that is going to be done overnight. I am not so optimistic or so idealistic as to think that. But I think it is time a good start were made. If we accept that philosophy seriously and want to translate it into our economic affairs, the place to do it is in our annual budget in order to show that we believe in helping each other instead of competing with each other.

There are business people today who are beginning to realize that this whole question of competition, which to them has been sold as the idea of free enterprise, is not what they thought it was in the first place. From time to time we get reports on the growth of monopolies, combines and cartels, these economic machines which try to throttle free competition, which try to put the small man out of business in order that the big monopoly can operate more freely. All these things are beginning to persuade the people that more co-operation in economic life is needed in order to bring it into line with the philosophy of co-operation that we accept in our moral principles.

In addition to that I will say only this. I think it is time that this parliament was prepared to raise its sights. This budget which we are now discussing is not something we can feel proud of. Somehow, I think every one of us should have a slightly guilty feeling; and those who are directly responsible must, of course, bear the greatest portion of it. When we leave this parliament, when this session is completed, and go back into the constituencies, people will say to us, "So you have passed the budget; you have made provision for certain taxation and so on"; and they will ask, "What have you done that is new? What economic plan have you developed that is going to solve our unemployment situation or is going to do something about trade, or about our grain problem?" and so on.

We are going to have to say that the excise tax on jewelry, fur coats, cameras and fishing rods was reduced. I am sure there will be great comfort in that for the half a million unemployed who are wondering how they are going to pay their rent or make the next payment on their house or car. With the finance company looking over their shoulders and breathing down their necks, it will be a great comfort to them to be told that they are going to be able to buy cameras, fishing rods, jewelry or fur coats a little more cheaply than before. I am sure these are not the kind of things in which these people are interested. I think it is time that we raised our sights and realized the great development potential there is in this country, particularly in the northern areas. We should be prepared to accept public investment as one of the methods to bring about that development.

I am not opposed to private investment but there are times and places where, because of the nature of things, this great potential will remain undeveloped unless public investment is used as an instrument of development. The whole history of Canada proves that, and I need not go into it in detail. I believe it is time that we were prepared to set up an investment board which would have a two-fold function. One function would be to provide a place where the public could invest their surplus funds and the other would be to direct investment toward the useful development of our natural resources. I believe we have a great deal of potential wealth and unless we are prepared to remain hewers of wood and carriers of water for United States capital we must be prepared to use Canadian capital and public investment where necessary in order to develop the great potentialities of our country.

Mr. Raymond Bruneau (Glengarry-Prescott): Mr. Speaker, as I see it, it is the wish of every member of the house that oratory be spared so that the present debate on the budget may be as short and as concise as possible. In accordance with this wish and to help the advance toward a successful early end of the session, I will circumscribe my remarks to a few points of special interest to my own constituents and deal mainly with a proposed amendment to the Income Tax Act with respect to mutual insurance companies, with federal-provincial relations and with two or three other points arising from the impressive speech delivered by our able Minister of Finance (Mr. Abbott) on the night of April 6 last. May I be permitted first to extend my sincere congratulations, and those of the population of Glengarry-Prescott, to the minister for his comprehensive review of Canada's economic and financial position. His conclusions on our national production in 1953 and his forecast for 1954 are not only most encouraging but contain a factual indication of the ascending development of our country under a competent Liberal administration.

By many sources, including stout supporters of the opposition, it has been said that the Minister of Finance has presented a "wait and see" budget. Never, perhaps, was a more impressive tribute paid to a government financial expert. By saying so, even those who intended to criticize were recognizing the far-reaching viewpoints that

obtained in the preparation of the budget by the Minister of Finance. His realistic approach to all economic and financial problems made him realize that the world, and consequently Canada, had reached a turning point where careful steps alone are to be made if one wants his country to go ahead in the international financial organization without disrupting our own industrial or commercial set-up. For all this, and the tactful way in which he managed to protect so many sectors of the population from being hurt by an unfair distribution of taxes among the paying public, the Minister of Finance is to be thanked and congratulated.

But, in opening my remarks, I indicated that I intended to speak briefly about a subject that is of particular interest to my constituents, that of a proposed amendment to the Income Tax Act with reference to mutual insurance companies. On this, which is also of great interest to the great majority of Canadian farmers, I wish to express my fear as to the consequences of the budget income tax resolution No. 6 which reads as follows:

Resolved, that it is expedient to introduce a measure to amend the Income Tax Act and to provide, amongst other things:

6. For the taxation of a resident mutual insurance corporation, . . . as though the surplus arising from its insurance activities on and after January 1, 1954, were a profit from a business, and declaring that a non-resident mutual insurance corporation, other than a life insurance corporation, shall be deemed to be and always to have been subject to taxation on that basis.

This resolution might have to be clarified, but I am given to understand that it would allow the government to re-establish as taxable the surpluses of mutual insurance companies, thus disregarding the favourable report of the royal commission which gave its opinion that purely mutual companies should be taxed only on investment income. As you know, Mr. Speaker, this opinion was concurred in by the income tax appeal board and backed up by the Supreme Court of Canada last summer.

If that is the meaning of resolution No. 6 as it stands, I want immediately to take a firm stand against it and to ask hon. members of this house to keep in mind the danger involved when the resolution is discussed in further detail by the house. The great majority of farmers of my constituency have their fire insurance with the Glengarry Farmers' Mutual Fire Insurance Company or with the Prescott Farmers' Mutual Fire Insurance Company. The two insurance companies are giving insurance protection at cost and any surplus they build up is solely for the reserve demanded by the department of insurance. There are no profits.

There is no doubt, if these two companies have to pay extra taxes along the suggested lines, that the additional cost would have to be charged to the insured farmers who, in my estimation, are already charged heavily enough. What is bound to happen in Glengarry-Prescott can be multiplied across the country by the number of constituencies where farmers are organized on a mutual basis for fire insurance protection. That is why I think that it would be in the general interest that the members of the house, especially those representing rural constituencies, should scrutinize resolution No. 6 when the amending bill is before the house.

I also indicated in my preliminary remarks that I intended to speak about federal-provincial financial relations. On this subject as well I will be brief, but I think, at this stage of the debate, that it is about time that the voice of a French-speaking Canadian living outside of the province of Quebec should be heard, pointing out the importance of standing united as citizens of a great and fast-growing country. The only direct reference I will make to the statement of the Minister of Finance on the matter will be to say that the vast majority of my constituents entirely agree with his understanding of the constitutional rights on taxation.

(Translation):

It would not be right for me to continue my remarks on that subject without congratulating most sincerely the hon. Minister of Northern Affairs and National Resources (Mr. Lesage) on the outstandingly clear presentation he made of this matter in the afternoon of April 14. He really did examine the problem in its true light, setting it out in a perfectly sober and logical fashion, throwing back the responsibility for double taxation on the shoulders of those to whom it really belongs, that is, on those members of the Quebec legislature who have voted this provincial income tax legislation. The minister was fully qualified to speak on behalf of his Quebec colleagues. Speaking for myself, and with due regard to my very inadequate qualifications, I would make so bold as to express the opinion of those who have been called, in the province of Quebec, the "separated brethren", and for the survival of whom, we are told, some are prepared to fight to the bitter end.

(Text):

As a representative of a merged constituency where the best elements of the two great racial groups of Canada are represented, I feel particularly well qualified to speak on that subject. A good number of my constituents are, as I am, of French extraction and speak that language. They are consequently very interested in any political moves that are made in their name across the Quebec border. The English-speaking

group also has a keen interest in these moves for they may have, as in this case of double taxation, a devastating effect on national unity and on the whole of the Canadian economy.

But what prompted me mainly to say a few words on this question today is the fact that most of the steps taken in Quebec for the so-called protection of provincial autonomy are represented as being moved for the defence of the rights and the survival of French Canadians, no matter where they live in Canada. The latest instance along this line was the adoption by the Quebec government of the act to create a new provincial income tax. I wish to state emphatically today that French-speaking Canadians living outside of the province of Quebec do not agree with this interpretation.

As citizens of Canada we are fully conscious that everything tending to disrupt efforts for unity is not in our best interests. We feel that the Quebec income tax law tends only to separate Quebec from the government of this country, instead of putting forward an authentic desire for co-operation that would give monetary help to the taxpayers of Quebec as well as solidify the national structure without endangering the constitutional rights of the French-speaking population.

As "separate brothers", we cannot accept the contention of the Quebec administrator that the British North America Act was a pact between the two main races of Canada. We consider it, as the fathers of confederation considered it at the time, an act uniting the provinces of one country under a single government charged with the general administration and with full powers of taxation, leaving to the provinces questions of local administration with powers restricted to direct taxation. If the British North America Act were a pact between races, how would the Quebec government be able to legally act for the French-speaking population living in other provinces?

On the other hand, as has been said so well by others who have taken part in this debate, no one questions the right of the provinces to direct taxation. But if the British North America Act limits the taxing powers of the provinces to direct taxation, it does not mean that this limitation gives them a priority in that field as the Quebec administrator would like us to believe. It does not mean either that the fathers of confederation were logical in granting equal powers in the same field of taxation to both the provinces and the federal government. But it is our feeling that we should try to make the best of what we have as long as the fiscal clauses of the British North America Act are not modelled to the satisfaction of all. We know the Canadian government, our government, stands ready to study appropriate means of minimizing the present difficulties. Unfortunately, we cannot say the same for the Quebec government now.

My only reason for bringing up this subject today is to point out the necessity for close co-operation between the various elements of the country, and the danger of an individual being out of step and sabotaging the common effort towards the building of a strong and powerful nation. It is for that reason I limited my remarks on the constitution to general viewpoints without going into details, and emphasizing only that a false conception of the factual position of our constitution can become a menace to the future of national unity as well as to the welfare of a great portion of the population.

When we initiate a study to improve social welfare, particularly the rehabilitation of disabled persons and the establishment throughout the country of assistance to invalids, we find that if some increase could be brought about in these measures of assistance it would prove of tremendous relief to these people. In my province we already grant a measure of assistance to invalids.

There is one question that is of particular interest to me, sir, and that is the help and encouragement of the youth of this country. I feel that in Canada we have young people with talent, initiative and tremendous possibilities. Unfortunately many of them lack the means to put these potentialities to some use. With the eventual implementation of the Massey commission recommendations, why could we not devise some means whereby our young people could be given a helping hand and provided with an opportunity of serving the country in a manner more appropriate to their potentialities? I have seen many young people who were brilliant students and graduated from school with flying colours, yet they had to seek employment. If they were given the opportunity, these students would enter fields for which they feel they are better suited. If our young people felt there was a federal youth department to which they could apply for assistance or guidance, I am sure that before too long we would have the experts that today we are seeking from other lands.

A youth department established on a national scale would certainly not infringe upon the provincial departments of education. Through co-operation with the provincial departments we could have at the

disposal of our young people experts in the different fields of learning and craftsmanship who could give guidance to those young people who had not yet gone out on their own in life's struggle. These young people would be able to discuss their own problems and aspirations with men of experience. We certainly have fields or divisions in all departments of this government where such young people could serve. We could give guidance to the young men from the farm, who could study at experimental farms or stations throughout the country, as to new methods of farming that would improve the lot of those living on the homestead. Under the supervision of this new department young people in industry could learn for themselves, thus putting their own talents to the best use in order to make our world a better place in which to live.

The same thing might be said of the different fields of knowledge because with the proper guidance and the help of grants our young people could follow a course best suited to their aptitudes.

Mr. Speaker: Order. Does the hon. member wish to adjourn the debate?

Mr. Bruneau: Mr. Speaker, I shall only take about one minute to complete my remarks.

Mr. Speaker: Does the hon. member have unanimous consent to continue beyond six o'clock?

Mr. Knowles: For one minute.

Some hon. Members: Agreed.

Mr. Bruneau: If we were to help the young men today I am sure it would pay dividends a hundredfold and give us better citizens tomorrow. I hope, sir, that before too long Canada will have a youth department, because it would pay countless dividends. If we are, even unwillingly, under obligation to spend billions to teach man to kill man, I believe the idea of a youth department is worth considering and some effort should be made to help our young people serve this country better.

On motion of Mr. Perron the debate was adjourned.

BUSINESS OF THE HOUSE

Mr. Harris: Tomorrow we shall begin with the Department of Public Works. If it is completed tomorrow, we shall take the department of northern affairs for the balance of tomorrow. However, on Friday the minister of the northern affairs department will not be here, so we would go on with agriculture and national health and welfare.

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

HOUSE OF COMMONS

Thursday, April 29, 1954

The house met at 2.30 p.m.

QUESTIONS

UNEMPLOYMENT INSURANCE ACT—PAYMENT OF BENEFITS

Mr. Knowles:

1. Has the Unemployment Insurance Act been studied, since January 1, 1954, by the government or by any officials thereof, to determine whether provision should be made for a person who has qualified for unemployment insurance benefits to continue receiving such benefits until such person is re-employed?
2. If so, by whom have such studies been made?
3. Have such studies resulted in any decisions or recommendations to the Minister of Labour?
4. If so, what are the terms of any such decisions or recommendations?
5. Will legislation based thereon be introduced at this session?

Mr. Gregg:

1, 2, 3 and 4. Studies in relation to the Unemployment Insurance Act are being carried on by the unemployment insurance commission in conjunction with representatives of interested departments. The studies do not relate to provision for the payment of benefits to any person for an indeterminate period of time falling outside the scope of an unemployment insurance scheme.

5. No.

DENTIFRICE ADVERTISEMENTS

Mr. Knowles:

1. Has the Department of National Health and Welfare made any investigation or examination of tooth pastes, tooth powders or other dentifrices being sold in Canada, to determine whether or not such products measure up to the claims made for them in advertisements appearing on their behalf?
2. If so, what are the results of such investigation or examination?
3. Have any dentifrice advertisements been found to be misleading? If so, in what way?
4. Have any dentifrice advertisements been found to offend against the provisions of the Food and Drugs Act, as assented to on May 14, 1953? If so, in what way?
5. Have any protests been received from dentists or dental associations concerning dentifrice advertisements?
6. If so, what action has the government taken in connection with such protests?
7. Is the government aware of any public protests concerning dentifrice advertisements made by the American Dental Association?
8. If so, what study has the government given to such protests, or what action has the government taken on the basis thereof?

Mr. Robertson:

1. Yes. Tooth pastes and tooth powders have been analysed in the laboratories of the food and drug divisions during the past few years. Manufacturers have also been requested to submit data in support of claims made or proposed for advertising purposes.

2. The results of the analysis revealed no violation of the Food and Drugs Act or regulations. Some of the data submitted was not considered adequate to support the advertised claims and manufacturers have withdrawn such claims voluntarily.

3. Yes. Some dentifrice advertisements have been found misleading in that statements were made that could not be supported by adequate evidence.

4. The Food and Drugs Act, as assented to on May 14, 1953, has not yet been proclaimed; therefore no offence can be committed at this time in contravention of the revised act.

5. One dental association asked for the department's views on anti-enzymes as related to dental health and the advertising of such products.

6. The dental association was informed that manufacturers were requested to submit clinical evidence in support of their claims and where such evidence was not scientifically acceptable, they were asked to withdraw such claims.

7. The Department of National Health and Welfare is not aware that the American Dental Association has ever advertised a dentifrice.

8. See answer to No. 7 above.

QUESTIONS PASSED AS ORDERS FOR RETURNS

FEDERAL SUBSIDIES—B. C. FIRMS

Mr. Hahn:

1. Do any firms in British Columbia receive a subsidy from the federal government?
2. If so, what are the names of such companies, and to what extent are they subsidized?

Mr. Pickersgill: Mr. Speaker, I have had a word with the hon. member for New Westminster and he has consented to having the words "engaged in mining, metallurgy or agriculture" inserted in the first part of the question after the word "firms". If that amendment is agreeable, this question could be made an order for return.

Inquiries of the Ministry

Mr. Speaker: As modified, this question is made an order for return.

VETERANS INSURANCE

Mr. Noseworthy:

1. How many world war I veterans are at present carrying veterans insurance?
2. How many of these are still paying premiums and maintaining policies at their full face values?
3. How many have taken paid up insurance and discontinued paying premiums?
4. How many in the past ten years have taken the cash surrender value of their policies?
5. How does the cost of world war I veterans insurance compare with that of veterans of world war II and that of Korean veterans?
6. How do paid up insurance values compare with those of world war II veterans for comparative age groups?
7. How does veterans insurance for veterans of world war I, world war II and Korea each compare with ordinary company life insurance in relation to premiums, paid up insurance values and cash surrender values?
8. Is veterans insurance sold on a strict actuarial and self-sustaining basis?
9. If not, to what extent is it subsidized and what was the cost to the government of this subsidy for the fiscal year 1953-54?
10. What is the premium on a policy of $1,000, face value taken out by a world war I veteran at age 55?
11. At what age would said veteran be entitled to a paid up policy for a full $1,000?
12. What would be the paid up insurance value on said policy after 25 annual payments had been made and the veteran had reached the age of 80?

EXTERNAL AFFAIRS

GENEVA CONFERENCE—ABSENCE OF CANADIAN REPRESENTATIVES FROM DISCUSSIONS ON INDO-CHINA

On the orders of the day:

Hon. George A. Drew (Leader of the Opposition): I wish to direct a question to the Prime Minister. Will the Prime Minister inform the house if it is on the instructions of the government that the Canadian representatives at Geneva are not attending the discussions on Indo-China?

Right Hon. L. S. St. Laurent (Prime Minister): No, Mr. Speaker, it is not on instructions of the government. It is no doubt as a consequence of the discussions we had about the matter before the Secretary of State for External Affairs (Mr. Pearson) left for that conference. As I stated the other day, our position was that we were not committed to the actions that are proceeding in Indo-China and had no standing to ask to participate in the decisions that might be arrived at in respect of that situation; we wanted to be careful and not depart in any way from the attitude we have maintained in the house that our commitments with respect to action in the East were limited to those that were under the aegis of the United Nations, and that if it became advisable for us to go beyond that the government would give very careful consideration to the facts and would come to the house and make full disclosure of the facts upon which any recommendation might be made or any other commitment might be undertaken.

Mr. Drew: Would it not be an advantage to have the information which could be obtained at such a meeting without in any way committing us to the outcome of what may take place?

Mr. St. Laurent: I am convinced that we are getting just as full information about what is taking place as if we were really a participant in the discussions.

TAXATION

REFERENCE TO STATEMENT BY MINISTER OF NATIONAL DEFENCE

On the orders of the day:

Mr. J. M. Macdonnell (Greenwood): I have two questions to ask the Prime Minister, of which I have given him notice. The first is this: Was the Minister of National Defence (Mr. Claxton) expressing government policy when he said in Edmonton on April 28, as reported in a Canadian Press dispatch in the *Globe and Mail* of April 29, that "there will be little, if any, change in taxes for years to come."

Right Hon. L. S. St. Laurent (Prime Minister): I assume that the hon. member is referring to the report in the *Globe and Mail* of April 29 as the basis for this question. I have secured the report and I find that nowhere in it is the minister reported as having said the words used in the hon. gentleman's question. As a matter of fact, the report states:

> He told the Canadian Club that despite existence of the hydrogen and atomic bombs, the need for conventional weapons is just as great.

Then there are some words that are indicated as a quotation which are as follows:

> The H-bomb has not lessened the magnitude of the defence operation. There is still a need for a navy, army and air force of about the present size as the minimum force necessary to enable us to do our job.

Then the reporter goes on to say:

> Observers said this was a clear indication that defence budgets will remain at the present level for years—around $2 billion annually. Defence forms at least 40 per cent of the national budget. Thus tax reductions, if any, would necessarily have to be small.

It seems to have been the impression made upon those who heard the speech that there

was not likely to be a change in taxes for years to come. There seems to have been no such statement made by the minister, and it may or may not be an accurate conclusion to draw from the statement of the minister that the situation seemed to require the maintenance of as large forces as we have at the present time. In any event there has been no government policy determined with respect to taxes for future years, and there will be no determination until we know just exactly what is the situation we have to budget for in those future years.

Mr. Macdonnell: As I think my question indicated, I was quoting from the dispatch. I should like to read the words again and ask the Prime Minister if he thinks what he has said indicates any inaccuracy in the sense of this dispatch. I read the words:

> Defence Minister Claxton indicated today that there will be little change in taxes, if any, for years to come.

As I understood the Prime Minister (Mr. St. Laurent) he said nothing to differ substantially from that.

Mr. St. Laurent: The reporter says that the minister indicated that there would be no change in taxes for years to come. Then he goes on to explain how that indication was made. It was made by the statement that under present conditions it appeared necessary to maintain the strength of the forces now in existence.

Mr. Macdonnell: I do not like to be inaccurate, so again I should like to ask the Prime Minister whether he thinks there is any inaccuracy in the statement which I have read?

Mr. St. Laurent: There is only this inaccuracy. The statement appears to have been a conclusion drawn by the reporter. From the statement that the forces will have to remain at their present strength he draws a conclusion about the taxes, and whether or not that is an accurate conclusion to draw from the statement is a matter of opinion.

NORTH ATLANTIC TREATY ORGANIZATION

REFERENCE TO STATEMENT REGARDING DEFENCE BUILD-UP

Mr. J. M. Macdonnell (Greenwood): My second question is this. Will the Prime Minister comment on the statement made by the Minister of National Defence as reported in a Canadian Press dispatch of April 29 on the subject of NATO. I hope these words are correct.

> If the defence build-up had been continued as originally planned, the economies of NATO members would have been wrecked.

Right Hon. L. S. St. Laurent (Prime Minister): Again, Mr. Speaker, I would point out that the reporter does not state that as being a direct quotation of what the minister said. As to what the minister said, I do not know; I was not there. I had inquiries made at his office as to whether or not there were notes that he was to use for his speech in Edmonton. I was told that there were no such notes. I received notice of the hon. member's question just a few minutes before I came into the house. There has been no opportunity to communicate with the Minister of National Defence.

Whether or not he is under the impression that had the original forecast that it was necessary to build up an active force for an attack in July, 1954 been carried out, it would have involved such extensive expenditures by members of the NATO organization as to wreck their economies, I have no personal opinion. The minister has attended several of the meetings of the council of the NATO organization. What impression he got from the discussions at those meetings, I do not know and I would not like to attempt to offer any comment upon material that is not available to me at this time.

Mr. Macdonnell: I will reserve any further questions until we see the text of the minister's speech.

Mr. Abbott: A splendid idea.

CIVIL DEFENCE

FINANCIAL ARRANGEMENTS—REFERENCE TO ONTARIO AND QUEBEC

On the orders of the day:

Hon. George A. Drew (Leader of the Opposition): Can the Minister of National Health and Welfare clarify the situation in regard to civil defence in the light of a statement made by the responsible minister in Ontario that there are, in fact, no agreements with Ontario and Quebec as had previously been stated in this house.

Hon. Paul Martin (Minister of National Health and Welfare): As the hon. member has said, Mr. Speaker, the minister in charge of civil defence in Ontario did make a comment which I understand appeared in the *Globe and Mail* this morning. I do not always have the opportunity of reading the *Globe and Mail* until the evening, so I am not in a position to accurately and completely answer my hon. friend's question.

I understand that he said I was in error in saying there had been general agreement on the matter of civil defence and the matter of financing in connection therewith. I wish only to say that I believe the record will indicate that what I said represented the situation correctly at that time. It is true that the province of Quebec did not agree with the general proposal, and that Ontario took the position it wished to proceed with its program of standardization of hose couplings. After that heavy expenditure had been made consideration would be given to whether or not the proposed new formula would be one which the province would support. I may say that the other provinces expressed general agreement with the proposition as stated.

If there has been any error, I am sure it is an error in good faith on both sides, because for the minister for civil defence in Ontario I have nothing but the highest respect. I am sure if there has been any misunderstanding he and I will be able to settle it in a satisfactory manner.

UNITED NATIONS

DISARMAMENT—STATEMENT ON ESTABLISHMENT OF SUBCOMMITTEE

On the orders of the day:

Hon. Paul Martin (Acting Secretary of State for External Affairs): On behalf of the Secretary of State for External Affairs I should like to make a statement concerning disarmament. In its resolution on disarmament of November 28 last, the United Nations general assembly suggested that the disarmament commission study the desirability of establishing a subcommittee which should seek in private an acceptable solution of the disarmament problem and report to the commission as soon as possible. The commission has now set up a subcommittee on which Canada is represented together with France, the United Kingdom, the United States and the Soviet union.

The establishment of the subcommittee is considered by the Canadian government as an important step towards the settlement of a vital problem, the importance of which has been underlined by recent developments in the field of atomic and hydrogen weapons. The Secretary of State for External Affairs (Mr. Pearson) will be the Canadian representative on the subcommittee which will begin private talks on or about May 13 in London. Mr. N. A. Robertson, Canadian High Commissioner in the United Kingdom and Mr. David M. Johnson, Canadian permanent representative to the United Nations, will be alternate representatives in London and in New York respectively.

The disarmament commission has recommended that the subcommittee submit a report of its discussions not later than July 15 next. The commission itself is called upon to report to the general assembly and the security council not later than September 1, 1954. The Canadian government earnestly hopes that these renewed efforts on the part of the United Nations will result in substantial progress being achieved in finding a solution to the problem of disarmament.

TRANS-CANADA AIR LINES

INVESTIGATION INTO CRASH AT MOOSE JAW

On the orders of the day:

Mr. J. A. MacLean (Queens): I should like to direct a question to the Minister of Transport, and I regret that I have not had an opportunity of giving him notice. If he is not prepared to answer it now, perhaps he would be kind enough to take the question as notice. Was any spokesman for the Canadian air lines pilots association invited to appear as a witness before the body appointed by the Department of Transport to investigate the recent air crash at Moose Jaw?

Hon. Lionel Chevrier (Minister of Transport): Subject to looking at the record, Mr. Speaker, my answer would be no.

Mr. MacLean: Did this association express a desire to have a representative appear before the investigating body with regard to that accident?

Mr. Chevrier: The investigation is carried on under a statute, the Aeronautics Act, and, as I indicated to the hon. member for Rosetown-Biggar (Mr. Coldwell) yesterday, I have now received a copy of the report. I should think it is somewhat late for representations to be made at this time.

Mr. MacLean: No, I believe I have been misunderstood. My question was, were representations made at the time the board was sitting to allow a witness to appear?

Mr. Chevrier: My answer to the first question was that so far as I can recollect no representations had been made. I may be wrong in that, and I would have to look at the file. Certainly none have been brought to my attention.

LABOUR CONDITIONS

SEASONAL UNEMPLOYMENT—INQUIRY AS TO GOVERNMENT ACTION

On the orders of the day:

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, in view of the speech the Minister of Labour is reported to have made yesterday at a meeting of the Canadian Manufacturers Association, can he tell the house what steps the government proposes to take to implement the recommendations made to the minister for minimizing or eliminating seasonal unemployment?

Hon. Milton F. Gregg (Minister of Labour): I shall be glad to send the hon. member a copy of the speech I made to the Canadian Manufacturers Association yesterday, and I believe that will give him the answer.

Mr. Knowles: I hope that at some stage the minister will give that information to the house.

FISHERIES

NATIONAL FISHERIES INSTITUTE MEETING—CANADIAN REPRESENTATION

On the orders of the day:

Mr. H. J. Robichaud (Gloucester): May I direct a question to the Minister of Fisheries, notice of which I sent to his office this morning. Has the minister or his department given any consideration to the advisability of sending representatives to the annual meeting of the national fisheries institute to be held at Cleveland, Ohio, starting on Sunday next, at which important problems affecting the Canadian fishing industry will be discussed?

Hon. James Sinclair (Minister of Fisheries): The Minister of Fisheries, the deputy minister of fisheries and the director of fish inspection will all attend that meeting.

TELEVISION

GOVERNMENT POLICY IN GRANTING OF LICENCES

On the orders of the day:

Mr. Donald M. Fleming (Eglinton): May I ask the Minister of National Revenue if it continues to be the policy of the government not to permit more than one television broadcasting station in any area?

Hon. J. J. McCann (Minister of National Revenue): Mr. Speaker, on March 30, 1953 I made an announcement with respect to the policy of the Canadian Broadcasting Corporation having to do with the granting of licences for television stations. Since that time there has been no change, nor is there any change contemplated at the present time.

EMERGENCY POWERS ACT

INQUIRY AS TO EXTENSION OF LEGISLATION

On the orders of the day:

Mr. Donald M. Fleming (Eglinton): May I ask the Prime Minister if the government has now decided whether it is going to ask parliament to extend the Emergency Powers Act at this session.

Right Hon. L. S. St. Laurent (Prime Minister): I propose to make a statement tomorrow about the further legislation to be introduced. However I can assure my hon. friend at the present time we have come to the conclusion we will not at this session ask parliament to extend the Emergency Powers Act. We felt it was a grave decision to make because there is still a pretty explosive situation existing in the world. I hope the situation will not require the exercise of any but normal powers by the governor in council. But should it develop that there would have to be, in the interests of the safety of the nation, powers exercised that are not normally conferred upon the governor in council by existing legislation, we would have to resort to the War Measures Act. I sincerely hope that will never be necessary while I am a member of the government.

SUPPLY

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

DEPARTMENT OF PUBLIC WORKS

The Chairman: The last time the committee sat we were discussing resolution 374 as it is found at page 51 of the estimates, the details appearing at page 447.

Acquisition, construction and improvements of public buildings—

374. British Columbia, $4,450,000.

Mr. Green: Mr. Chairman, when the committee last considered these estimates on April 9 the question was raised as to whether or not the government would take any part in the construction of a new bridge over the north arm of the Fraser river, commonly known as the Marpole bridge. At that time the Minister of Public Works gave the undertaking that he would look into the situation, and if he found there had been any commitment by any member of the government, such commitment would be honoured. I refer in particular to page 3943 of *Hansard* where the minister is reported to have said:

> I simply wish to assure the committee that if my predecessor here or any of my other colleagues in good faith have committed the federal government to participation in that bridge, they may be assured that that commitment will be honoured.

And farther down on the same page he is reported as follows:

I do not want to hedge on these words. If my predecessor, or any of my colleagues, speaking on their responsibilities as members of the cabinet, have said that we will participate in the cost of building the Marpole bridge, then we will honour the commitment.

Then during the Easter recess I made further inquiries into the situation on the coast, and found that on Vancouver island the government paid a portion—half, I believe—of the cost of the road from Patricia Bay airport to Victoria, on the basis that it was a road from an air station of the Royal Canadian Air Force.

As the minister is doubtless aware, the main R.C.A.F. station in British Columbia at the present time is based at the Vancouver airport. If the existence of an air force station was sufficient for the government to contribute to the cost of the road from Patricia Bay to Victoria, then the same argument applies with regard to the Marpole bridge which, to all intents and purposes, is the only connection with the airport from the city of Vancouver.

I have also found further corroboration of the fact that commitments were made. For example, on April 15 of this year, during the Easter recess, the minister of public works in British Columbia was quoted as follows in the Vancouver *Province*:

Mr. Gaglardi insisted the Right Hon. C. D. Howe had made a commitment to help B.C., and said, "I still believe the government will stick by its previous promises. I still refuse to accept anything but a positive answer."

And then he added this paragraph:

"Mr. Winters is a very fine man and I'm sure he'll help."

Whether that was just a little bit of honey, or not, I cannot say.

Mr. Stuart (Charlotte): It is a statement of fact.

Mr. Green: Then on June 15, 1953 I find reference to a statement made in the B.C. legislature by Mr. Gaglardi. The article says:

Before the last legislative session Mr. Gaglardi visited Ottawa and reported he had a pledge of help from Rt. Hon. C. D. Howe.

Then I would refer to a press dispatch appearing in the Vancouver *Sun* of December 17, 1951, reporting upon a statement by the then premier of British Columbia, the Hon. Byron Johnson, concerning talks in Ottawa. The article states:

He had discussions with Transport Minister Lionel Chevrier concerning the financing of a new bridge at Marpole—

And there is an article referring to a statement by the hon. member for Burnaby-Richmond (Mr. Goode) appearing in the Vancouver *Province* of November 13, 1951 as follows:

He said—

And this is Mr. Goode.

—Defence Production Minister C. D. Howe had told him in writing that the federal government was "not interested at this time in any more than a payment of $400,000 toward the Marpole crossing."

And I have a further quotation going back to 1947 reporting an interview with the minister of public works in British Columbia at that time, the late Mr. Carson. This article is dated November 21, 1947 and states, in the last paragraph:

Mr. Carson said he is not going to Ottawa with specific plans but wishes to sound out Mr. Howe on the federal government's attitude. Last year, Mr. Howe, when on the coast, said federal support would be forthcoming.

When I spoke on April 9 I quoted press statements reporting the Minister of Trade and Commerce as promising help in 1946. In addition, I quoted at that time statements by Mr. Arthur Laing, who is now the Liberal leader in British Columbia, to the effect that the Minister of Trade and Commerce had promised help and also press reports of 1950 and November 1951 in the latter of which the Hon. Mr. Mayhew, then the British Columbia minister in this government, was quoted as follows:

Because the airport is served by the bridge, Mr. Howe offered them some aid—I think it was $400,000—but that is all. The money is still available if and when the city and province decide to build.

Now, Mr. Chairman, the provincial government has taken a lead and is going ahead to build this bridge. Is the federal government going to honour the commitments which were made at that time, as reported in the press, or, in any event, commitments which were understood by the people of British Columbia to have been made by this government?

Mr. Winters: I wonder whether my hon. friend would clarify that last statement? Did I understand him to say that the provincial government had now taken the lead and is going to build the bridge? Is that the statement he made?

Mr. MacDougall: He made the statement; it is not right.

Mr. Green: The report of Mr. Gaglardi's statement is given in this way:

Premier Bennett has said that although he still expects federal help, British Columbia will go ahead to build the bridge with or without it.

It has been intimated the provincial government will pay its promised one-third share and then impose tolls to collect the rest if Vancouver and Ottawa don't participate.

If that action is followed, then in my humble judgment it will mean that the people who use that bridge will have to pay tolls because Ottawa has broken its promise. I hope the government here will not allow itself to be put in that position.

Mr. Howe (Port Arthur): May I say a word, since my past remarks have been quoted by my hon. friend? This discussion of a bridge across the north arm of the Fraser river has been continuing for a good many years. In the beginning it was a fairly simple proposal of replacing the present swing bridge by a lift bridge at or near the same location. Conditions were different at that time in that we were operating the Sea Island airport. Discussions were held, but never with any agreement between the city and the province. I had said that if the city and the province were able to come forward with a scheme in which they both agreed, the federal government might be expected to contribute something up to one-third of the cost. Remember this was an indication given a good many years ago. Well, the city and the province never did agree, and they have not agreed to this date. But the province went up into the stratosphere and talked about a $7 million or $8 million bridge, which incidentally might give a better access to the airport but was really intended as another artery to the international border. At that time I indicated that we were not interested in a bridge for that purpose, that there is no federal responsibility for such a structure built wholly within a province. I still say, and I have repeated more recently, that if the bridge is confined to replacing the present bridge and serves no other purpose, and if the city and the province agreed on such a proposal, and agreed on their participation, the federal government would consider assistance.

That is the extent of my undertaking at any time. If the $400,000 figure was mentioned it then represented about one-third of the total expenditure that we were discussing; but I may say that much water has gone over the dam since then, and I consider that the present Minister of Public Works is not bound in any way by discussions about a totally different project which took place seven or eight years ago.

Mr. Green: I ask the Minister of Trade and Commerce whether the government is prepared now to make a contribution to a bridge over the north arm of the Fraser. There is no doubt at all—and I am sure he will agree with me—that there has to be some change made either in the present bridge or there has to be a new bridge built. Frankly I think it would be foolish simply to build up the old bridge. It is an old wooden structure, over fifty years old. This airport is certainly one of the two leading airports in Canada. The air force base on Sea island, which is part of the airport, is vital to the defence of the west coast, and it would be poor business not to build a proper bridge when a bridge is being built. Is the government prepared to pay one-third of the cost of such bridge? If it is not prepared to pay the one-third, approximately what contribution would it make? The provincial government has gone ahead and prepared plans.

Mr. Howe (Port Arthur): Of what?

Mr. Green: Of a bridge which is to be known as the Oak street bridge. It is a short distance—

Mr. Howe (Port Arthur): It is a high level bridge leading to the international boundary.

Mr. Green: It is a high level bridge, yes; that is right. But a bridge to the airport should be a high level bridge; it should not be opened for every little scow that comes down with a load of sawdust. That is what is happening now. It is being opened hundreds of times a year. A businesslike approach to the question would be for the dominion to come off its high horse of not being willing to make any payment at all and agree to pay one-third of the cost of the plan, provided that plan is approved by the Department of Public Works. I think Vancouver is unanimous on this question. I would be surprised if any of the hon. members from greater Vancouver differed from the stand that I have taken. Of course they will have to speak for themselves, but this is a very serious matter. Any change in the bridge has been held up for many years.

As I said on April 9, such a condition would not have been allowed to exist in central Canada for six months simply because the seat of government is here in central Canada. Because we are 2,400 miles or 2,500 miles away it seems to be easy for the powers that be to shrug their shoulders and find someone else to blame. As a result nothing has been done. I hope that that position is not going to be taken on this question today.

Mr. Howe (Port Arthur): May I be permitted to finish my remarks in the light of what has been said? I would point out that the government has received no proposal for

a bridge leading to the airport only. That is all we are interested in. The city and the province have never at any time in my experience, in my nineteen years in this house, agreed on any proposal to build a bridge to serve the airport. My hon. friend is talking of a hypothetical bridge. There are bridges and bridges. Some we might be inclined to help out and others we would not help out. There is no obligation whatever on the federal government to assist in financing any bridge. It is a bridge within a province and a bridge within two municipalities.

A great many access roads have been built to airports without any federal help. I cannot think at the moment where we have helped access to any airport except in the case of Victoria. In that instance, there was an insistent demand that we build a civilian airport closer to town, and after a good deal of discussion and negotiation it was decided by the province and by ourselves that we could both save money by improving the access to the existing military airport, which was done. I cannot think of another case in the whole history of airports where the government has made a substantial contribution to providing access from a town to an airport. That is the position. I think the position today is that if the city and the province were to agree on a bridge solely for the purpose of giving access to the Sea Island airport and wanted to bring it along and sit down with us I do not think that contribution is barred, but certainly there is no definite commitment for a contribution as far as my discussions are concerned.

Mr. Green: Does the minister mean that the dominion government will make no contribution whatever unless this bridge is to be one solely to serve the airport?

Mr. Howe (Port Arthur): That is correct, so far as I am concerned.

Mr. Green: May I say that that is a ridiculous stand to take. If it is good business to build a high-level bridge a few hundred yards further up the river, even though that bridge serves a further purpose and will help with regard to traffic to the airport, surely a contribution should be made to that bridge. Why should the government take the position that it will not contribute one cent unless a bridge is built which serves only the airport? The Minister of Trade and Commerce is a good businessman, one of the best in Canada. I am amazed that he would take a position of that kind. I think that on reflection he will not stand by that statement. He will realize, just as must everyone in this house, that if it is more practical to build in another spot a bridge which can serve more than the one purpose—that is, more than the airport—then that is what should be done and the dominion contribution should go into that bridge.

Mr. Howe (Port Arthur): Mr. Chairman, we were talking about past commitments. The Minister of Public Works will speak about what we will do today or tomorrow. I am talking about past commitments. I made clear to Mr. Carson the stand I have taken. I made it clear to all concerned. I have been referring to past commitments that had been made by myself. My hon. friend was referring to commitments made by myself. What the government will do under present-day conditions is something that the Minister of Public Works will deal with.

Mr. Green: The Minister of Trade and Commerce admits that he did make commitments at least to the extent of $400,000 for help in the construction of the bridge?

Mr. Howe (Port Arthur): The amount of $400,000 was not mentioned but a certain definite proposal had been put forward by the province and a somewhat similar one by the city. I said that if they would build the bridge as planned, which was a lift bridge, providing reasonable freedom from interruption to the traffic to the airport, I thought the government might contribute up to one-third.

Mr. MacInnis: Mr. Chairman, there is one thing that is quite definite in all this discussion and that is that a bridge is needed across the north arm of the Fraser river. I drove a milk wagon over that bridge forty-five years ago and at that time there was a sign there which said not to trot your horses. It has not improved a great deal during the intervening time. It seems to me that the initiative for the building of the bridge rests with the provincial government. When the provincial government has decided on building a bridge, I believe that this government has a responsibility in connection with a contribution, although I cannot agree with the minister that a bridge would be built there solely for the airport. You cannot build a bridge there just solely for the airport. But a bridge built there as a bridge for general traffic would undoubtedly help traffic to and from the airport.

I think it was the Vancouver *Sun* which put on a little demonstration the last time the Prime Minister was in Vancouver just to show how easy it was to hold up traffic going to the airport on that bridge. But at any time that definite plans are made for building a bridge—and I say again that matter rests with the provincial government and not with the city of Vancouver or the federal

government—and when those plans are there, I will be ready to urge the federal government to make a contribution.

I believe that the contribution will have to be more than $400,000. The most recent figure that I saw—I would not be too definite now as to what it was—was, I think, several million dollars. A $400,000 contribution is neither here nor there. As the minister was heard to say one other time "What's a million dollars anyway?" I say again that I shall be glad to add my words and efforts to those of the hon. member for Vancouver-Quadra to get a bridge that is badly needed there; but I believe that the initiative should come from the provincial government.

Mr. Winters: Perhaps I might just state what the position is since we last discussed the matter on April 9 here in committee. Since that time I have been reviewing the files to see what has been the nature of these alleged commitments. From the files I have found that they are mostly newspaper reports. Just what more there is to it, I do not know.

Mr. Green: The Minister of Trade and Commerce has said today that there was a commitment.

Mr. Winters: I was going to add that when my hon. friend interrupted. In the meantime the Minister of Trade and Commerce has said before the committee that he promised some time ago that the federal government would participate in building a low-level bridge whose primary purpose was to provide access to the airport. I might state also that Hon. P. A. Gaglardi was here this week and saw me on Tuesday, at which time we discussed the bridge. He then talked in terms of a high-level bridge costing in excess of what he estimated to be $10 million. I told him I was surprised at this high-level bridge proposal. He said it had been before the department for some time, but in fact I was not aware of it. I still thought our discussion related to a low-level bridge which was estimated to cost about $1,200,000, and that is how the $400,000 figure arose. I told Mr. Gaglardi that in the light of all these developments I was perfectly prepared to review the whole subject, to discuss it further with my colleagues and then to let him know what the decision would be.

Mr. MacDougall: As a Vancouver member I have an interest in the construction of bridges which is equal to that of my friends the hon. member for Vancouver-Quadra and the hon. member for Vancouver-Kingsway. I do not think that this is the time that we should muddy the waters in connection with this discussion. It seems to me that in the minds of different people we are putting the cart before the horse. My good friend the hon. member for Vancouver-Quadra has spoken of a crossing over the north arm of the Fraser river. I think that what we must realize first and foremost is that a crossing might mean a crossing at Marpole or a crossing at the southern end of Oak street. There is no doubt that what has been said by my friend the hon. member for Vancouver-Kingsway is quite true, namely that 45 years ago the Marpole bridge was then fairly new and that at that time it was necessary not to exceed the speed limit by trotting your horses. Since that time there has been no improvement in the Marpole situation but rather a great deterioration by virtue of age.

I think we have to look upon this thing in the light of the traffic conditions today. First of all, if we start talking about Marpole high suspension, we are running into a dead-end street for the simple reason that it would be a detriment to navigation by virtue of its close location to the airport. I am not trying to bring up a question between the bascule bridge that is a possibility or a high-level suspension bridge, but the Marpole bridge as now located is very close to the landing field of the international airport in Vancouver. Consequently I think it would be poor business to consider in that particular area a high-level suspension bridge. The hon. member for Vancouver-Quadra spoke about a crossing over the north arm of the Fraser river. A crossing might mean a crossing at Marpole or it might mean a crossing at the end of Oak street. When you get into the question of $8 million or $10 million bridge construction, you are certainly going to have a high-level suspension bridge.

Whether a crossing is to be decided upon at this time I am not prepared to say for the simple reason that it is my considered opinion that before any definite and specific action can be taken, either by the municipal or provincial government of British Columbia, or the federal government here, the first thing to be done is to ascertain who is going to own the international airport. When we have that question settled it is quite possible that one or other of the potential crossings over the north arm of the Fraser river will have automatically eliminated itself.

Last summer and fall there was an editorial in the Vancouver *Sun* with respect to the Marpole bridge based upon the possibility of handling the project in three ways. The municipality of Richmond would construct the southern approach, the city of Vancouver construct the northern approach, with the provincial government possibly sharing the construction of the central span.

That, to me, is very sound; but just the same is the potential crossing of the Fraser going to be at Marpole, or is it going to be the southern extension of the Oak street bridge? I do not think I can quite go along with the hon. member for Vancouver-Quadra on this question at this time because on the basis of his approach I think we are going to make confusion all the more confounded, and heaven knows we have enough of that now.

It seems to me that the logical thing to do now is to ascertain at the earliest possible moment whether the federal government and the municipalities can come to an agreement on the sale of the international airport. When we have done that we will then be in a much better position to judge whether the crossing to be established is going to be at Marpole or at the southern end of Oak street.

In this whole question, Mr. Chairman, there can be no doubt that we have more to consider than simply the problem of traffic in a city which is growing at the terrific rate at which Vancouver is now growing. There is much more to this problem than that of a mere traffic bottleneck. In the event of our having to evacuate the city of Vancouver we are in a positively untenable position at the present time. We do not know, nor can anyone in this house know, regardless of how well informed they may be with respect to foreign affairs, when some trigger-happy character may pull the string, and if that should occur the city of Vancouver, as I have said, is in a very bad position. I believe the aspect of possible evacuation should be considered in connection with bridge outlets from the metropolitan area of Vancouver.

I am no authority on this aspect but it seems to me that we would be well advised to discuss a crossing over the Fraser when we have first decided what is going to happen to the international airport. When that is decided then one or other of the crossings now in people's minds will automatically eliminate itself and the various governments concerned, municipal, provincial, and federal, will be in a much sounder position to come to an agreement if for no other reason than that the expediency of potential evacuation might bring about an agreement satisfactory to all concerned.

I am just as anxious as the two hon. members from Vancouver who have already spoken on this question that we have an adequate crossing over the Fraser river, but I believe that before we come to any final decision as to where that crossing is going to be it is essential that the government of British Columbia, and the municipalities of Vancouver and Richmond, know exactly what the score is with respect to the ownership of the international airport. In this instance, Mr. Chairman, I believe we could possibly hasten the construction of adequate crossings over the Fraser river if we do not now rush into it until such time as we know where that crossing is actually going to be located.

Mr. Goode: Mr. Chairman, earlier this week I spoke on this question in this house and today my name has been brought into the discussion in regard to certain correspondence between the Minister of Trade and Commerce and myself. At that time the Minister of Trade and Commerce—and I think this was in 1951—made his suggestion of financial assistance being conditional upon the city of Vancouver and the provincial government becoming interested in this bridge. Whether a mistaken report was issued in that regard is not my responsibility but in numerous speeches I mentioned the amount of $400,000. I also mentioned the fact that this was a provisional amount.

We are talking about a bridge which is 65 years old and which during October 1953 opened no less than 664 times. I represent people who are deeply concerned with this matter and I can say that my people in Richmond believe that the federal government have a responsibility if the airport is purchased by the federal government. I said that earlier this week and I say it again.

In regard to a southern highway from Vancouver to the United States, there is confirmation of that in the brief which the provincial government of British Columbia brought to Ottawa some time last year. If hon. members read that brief they will find no mention of a Marpole bridge. There is mention of a highway to the United States. If it is the opinion of the provincial government of British Columbia that this bridge is being built only to supplement a highway to the United States then I would doubt that the federal government had any financial responsibility. But in my speech on Tuesday I outlined certain specifications in regard to my support of one-third of the financial cost, and if I remember correctly this is what I said: that plans and specifications be made and offered by the provincial government of my province to the Minister of Public Works so he may then know what these plans are. It has been stated in the Vancouver press that these plans are already here, but I do not believe that is true. I believe I can place the responsibility for that statement upon a provincial cabinet minister who gave it to the Vancouver press. I understand the final

plans have yet to be decided upon and I have some doubt they have been drawn at this moment.

However, when we start talking about federal responsibility then I cannot but agree with my colleague the hon. member for Vancouver-Burrard. If we do purchase the airport at a cost of $1,100,000—I think that is the amount suggested—then I hope the Minister of Public Works will take a look at this plan in regard to the Oak street bridge. The hon. member for Vancouver-Burrard made some suggestion that an offer had been made to Richmond to build the southern approach to the bridge, but I think he was in error. The municipality of Richmond has not the money and the suggestion has not been made to them that they build that southern approach. What was suggested some time ago was that the city of Vancouver would build the northern end of the bridge, the federal government the southern end of the bridge and the provincial government the main span. I do not think that the suggestion was offered very seriously but it was offered late last year.

There is no doubt in my mind that the municipality of Richmond needs a crossing. It is quite clear to me that the crossing is going to be at Oak street because the provincial government has already bought large quantities of land in my municipality—title to which I understand has been given to either the province or one of their officials. I happen to know the people who sold the property to them, and I think you can take it that, as I said on Tuesday, the intentions of the provincial government of British Columbia are sincere. The engineers have told the provincial government that a high-level bridge at Oak street is quite permissible having regard to the act that governs the control of airways. The engineers in British Columbia seem to be of the opinion that this would be no detriment to the landing of aircraft.

I said last year at several meetings on the coast that it was my opinion that at this time the present Marpole span should be done away with and that a new span should be built 30 feet above high water level which would allow every vessel using the north arm, except one, to go under the bridge without any suspension of traffic. I understand that one dredge that goes to New Westminster once a week would have to have the bridge raised for it, but that is all. As I said last Tuesday, the bridge was opened 664 times in a month. This is a disgrace for which responsibility should not be attributed to the federal government but to the provincial government of British Columbia because there is no doubt that at this time there is a contract signed by the municipality of Richmond and the provincial government whereby the provincial government accepts full responsibility for that bridge. I have seen the document. It is in the hands of the municipality of Richmond, and I am quite sure if the Minister of Public Works wishes it I can get him a copy.

I think every member from British Columbia is sincere about this matter, and I hope the people at home are not being kidded too much with respect to this bridge. On any street in Vancouver, Burnaby or Richmond you will find a different rumour regarding what the federal government proposes to do. The truth should be put on the record, and as one who is vitally interested I may say that as far as I know I do not think the federal government have moved on this matter. I would suggest to the Minister of Public Works, as I did on Tuesday, that they do not move until plans and specifications are in their hands showing a sincere intention on the part of the provincial government to build the bridge.

Mr. Philpott: I want to say a word about the bridge, one end of which happens to be in my own constituency. I will assure the committee now that it is going to be just a word because it seems to me it is quite superfluous for us to talk at too great length about the details of who is going to pay for how much until we have some exact, hard and concrete proposition in front of us. I for one was very glad to hear the assurances of the Minister of Trade and Commerce and the Minister of Public Works that when the authorities primarily responsible for building the bridge, the provincial government of British Columbia, come to the federal government with a hard and fast proposition this government will be prepared to give it fair consideration. As far as I am concerned, at this moment that is good enough for me.

I want to make one or two observations on the question of principle. It would be very presumptuous for me, as a new member of the house, to say to what degree the national authority should step in so far as the question of bridges is concerned, but as I read the constitution of Canada I see no obligation whatever upon the government of Canada to pay for any bridges except on three different scores, if bridges are interprovincial, if they are international or if they are, for some peculiar reason, required for primarily national purposes.

There are three national purposes which might be involved with respect to the Marpole bridge. In the first place, if the federal

authority does acquire the airport at Vancouver, which I certainly hope comes to pass because I believe the offer now made is a fair one, then it seems to me only common sense that the government of Canada will require access to their airport because it is no good unless you have access to it and access away from it. Just before coming here for this session I made a speech at the air force base on Sea island and my audience literally galloped out on me at about a quarter to five because they wanted to get to the Marpole bridge to beat the traffic. Otherwise they would be held up for about two hours. There, of course, is a very practical reason why we need a proper bridge to get to one of the most vital airports in the whole Dominion of Canada.

The second consideration about which I would remind the committee is of course the question of navigation in its relation to traffic. Just the other day we heard the Minister of Public Works tell how fairly the government has dealt with the province of Ontario with respect to the bridge over the canal at Burlington, Ontario. I am not saying this is the case, but if the same considerations apply in respect of traffic over the Fraser river as apply in respect of traffic over the canal at Burlington, namely, that it is an advantageous thing to build a certain type of bridge in order to facilitate navigation, a federal responsibility, then it seems to me that the federal authority would be prepared to give sympathetic consideration to any hard and concrete proposition that is made. I may have a bit more to say if a hard and concrete proposition is ever placed before the federal authority, but all I want to say now is that I am delighted with the assurances we have received this afternoon from the Minister of Trade and Commerce and the Minister of Public Works that when the federal government have something real to go on they will give it proper consideration.

Mr. Green: Before we drop this subject I should like to have the minister make perfectly clear exactly what the position of the government is to be on this bridge. On April 9, as found at page 3940 of *Hansard*, he said:

> We have, to date, told the government of British Columbia that there is no federal government responsibility with respect to the bridge, and that we cannot participate in the cost.

Today there has been some change in the attitude of the government. The Minister of Trade and Commerce has admitted that he at least made a commitment several years ago, and the Minister of Public Works has said he will have another look at the question. That does not go very far. I should like to know exactly what the government stand is to be. Is the government now prepared to participate in the cost of a bridge over the north arm of the Fraser river and, if so, under what conditions and to what extent?

Mr. Winters: My position is exactly the same as it was. As we have just heard, a bridge of this type is not normally a federal government responsibility. It was for that reason we told the government of British Columbia that under normal circumstances this was not our responsibility and we did not see that we could participate. Then hon. members brought to my attention the fact that certain of my colleagues were alleged to have made commitments with respect to the bridge. My hon. friend heard today the extent to which the Minister of Trade and Commerce said he had told the government of British Columbia the federal government was prepared to participate. In the light of that, only this week I told the minister of public works of British Columbia that I was quite prepared to review the whole case having regard to all these considerations. I was thinking in terms of a low level bridge. He apparently is thinking in terms of a high level bridge.

As other hon. members have said here today, I want to see his clear-cut proposals. I should like to know something about the extent to which the city is prepared to participate. The minister from British Columbia told me this week he was not able to inform me of the extent to which the city would share. He had no agreement with them. There are details to be worked out, and I am not in a position to tell the hon. member for Vancouver-Quadra, much as I should like to oblige him, specifically on what basis and to what extent the federal government is prepared to participate. That is a matter that must be studied fully in the light of the facts that are still to be placed before us.

Mr. Green: Can we take it from the minister's statement that the dominion government is prepared to participate in the construction of the new bridge?

Mr. Winters: I must have the facts before I can give any such assurance.

Mr. Green: The minister is not making any commitment whatever today that the government will participate in the construction of the new bridge?

Mr. Winters: I am making no commitment beyond an undertaking to restudy this whole matter. While I say that, I have in mind the position taken by the Minister of Trade and Commerce today, and hon. members may be assured that will not be overlooked.

Mr. Jones: I should like to deal with the item for a public building in Vernon, B.C. I was rather surprised to see that the amount had been dropped from $100,000 to $25,000 and so far as I am aware no reason has been given to the city of Vernon, the board of trade or any of the interested parties. I was rather surprised because it indicates a change of policy on the part of the new minister.

The history of this public building goes back four or five years. Some years ago a new site was acquired by the government for this building and about three years ago the government informed the city of Vernon that plans were started for this building. It was hoped tenders would be called that fall. Two years ago the present Minister of Fisheries was in Vernon, was taken over the site, and definitely promised on his return he would see that something was done to speed up this work. A previous minister, Mr. Mayhew, also promised the same thing to the city of Vernon.

The previous minister of public works made a definite promise that this building had a high priority and would be started and completed last year, 1953. I have a whole file of letters if the minister wishes to see them to corroborate what I am saying. The last one is dated February 4, 1953. The assistant district architect for the Department of Public Works in Vancouver told the city of Vernon that it was the federal government's intention to commence construction of the new post office in Vernon immediately. The city wrote saying they were naturally very pleased and were looking forward to the completion of the public building before the year was out.

The Minister of Fisheries stated, after inspecting the site of the new federal building and thoroughly examining the plans, the present inadequate post office and the plans for its use as a city hall, that upon his return to Ottawa he would take up the matter with the Minister of Public Works in an effort to have construction expedited. That was January 20, 1952. I have a letter from—

Mr. Winters: I think I can save considerable time for the committee if the hon. member will let me state what the position is. We propose to construct a building in Vernon. We are waiting now for certain other departments of government to decide whether or not they wish space in that building. We expect those decisions will be finalized later this year and we aim at having the plans ready next year.

Mr. Jones: I thank the minister for his reply, but I had the same reply nearly two years ago. A form was sent around to each department asking what space they required in the new building, and it was a question of having those forms completed about a year and a half ago.

Mr. Winters: Mr. Chairman, I do not really see that this is getting us anywhere. I just told the hon. member what the position is. It seems to me the practice is growing of quoting everybody except the minister responsible for the department. I have told the hon. member what the position is. I hope he will take my word for that.

Mr. Cameron (Nanaimo): I should like to give the minister a change by conveying to him the appreciation of my constituents at the announcement that a new post office is to be built in Nanaimo. I should like also to question him as to the policy of his department in releasing such news. At Easter, before I left for my constituency, the minister was kind enough to send me a letter informing me the department was not going to build a breakwater at Cowichan bay. This sad news I had to convey to my constituents. The first thing that confronted me when I landed in Nanaimo was a report in the local paper that the president of the local Liberal association announced that a contract had been let for a new post office in Nanaimo.

I am given to understand that the Minister of Public Works is not responsible for such disclosures but it is the work, shall we say, of one of his colleagues who is delegated to take a paternal interest in the province from which he comes. I should like to say this is really a very bad policy. I am quite sure the minister does not need any information from me to know just what little pile of hay I made out of that particular situation at the three meetings I addressed at Nanaimo during the Easter recess.

Mr. Hahn: I wish to convey my appreciation to the minister and to his department for the proposed erection of a new post office in the town of Cloverdale. I understand tenders have been called for the demolition of the city hall building in the city of New Westminster. So far as we can gather, this is supposed to be the site of a new federal building in the city of New Westminster. I have just a few pertinent questions with reference to both the Cloverdale area and New Westminster. What branches of the various departments are going to be housed in the particular buildings, and can any information be given as to the size of the proposed building in New Westminster? Is it contemplated that it shall be erected later this year?

Mr. Winters: As the hon. member said, we have called for tenders for the demolition of the present buildings on the site acquired.

We are in the process now of preparing plans for a building to house the post office, customs, unemployment insurance commission and soldier settlement, as well as perhaps some other departments of government. We have not assembled all the information, and the plans are only now in the state of preparation by the department.

Mr. Hahn: What is it intended to house in the Cloverdale federal building?

Mr. Winters: So far as I can determine, from information at hand, that building is for postal purposes. The contract was awarded to the Allan and Viner Construction Company, in the amount of $135,290.

Item agreed to.

Acquisition, construction and improvements of public buildings—
375. Yukon and Northwest Territories, $670,000.

Mr. Simmons: When does the minister expect work will be completed on the new federal building in Whitehorse, and when will it be ready for occupancy?

Mr. Knowles: See the president of your local Liberal association.

Mr. Winters: If the hon. member for Yukon outsmarts the hon. member for Winnipeg North Centre on one or two occasions he should not take it too badly. As of March—and that is the latest figure I have—the building at Whitehorse was 85 per cent completed. It should be finished this fall.

Mr. Simmons: What provision has been made for water and sewer services?

Mr. Winters: For water there will be a well; for sewage there will be septic tanks until the water system in Whitehorse is completed.

Item agreed to.

Acquisition, construction and improvements of public buildings—
376. Unforeseen improvements, $1,200,000.

Mr. Nesbitt: Does this item include any specific amounts, or is it in the nature of a reserve fund to cover emergency situations?

Mr. Winters: It is to cover items now unforeseen, and is in the nature of a reserve fund.

Mr. Nesbitt: I would draw to the minister's attention the post office building at Woodstock, Ontario. A few years ago some satisfactory alterations were made to this building, which had the effect of improving the facilities offered. However the entrance and exit leave much to be desired. To get into the building one has to climb two or three steps, and immediately he is confronted with an extremely heavy door. Indeed, the door is so heavy that small children and older people have difficulty opening it. On several occasions I have had to open it for older people because they have been unable to pull it back.

After getting through the original difficulty presented by the door one reaches a very dark vestibule having a stone floor. During the winter months, and with the winter conditions we have in southern Ontario, a great deal of ice and snow accumulates with the result that the floor becomes slippery. Last winter I believe one lady broke her hip after sliding and falling on that floor. After crossing the vestibule, if one is fortunate enough to do so without accident, he reaches a small step leading to two swinging doors, only one of which opens inward. I believe both open out. This irregularity is the cause of many bumped noses. To get out one must pass back through either of these two swinging doors and down a step. From the stone step one reaches the vestibule which, as I have said, in winter time is covered with ice and snow and is often slippery. It was at this point that the accident occurred. From the vestibule one passes to the outside.

I would also refer to the mail box placed outside for the posting of letters. Naturally one would expect that a mail box outside a post office, to receive letters and parcels after mailing hours, would be at street level. But we find nothing of the kind in this instance. In this particular post office the box is about floor level above the street. A set of steps has been erected outside the post office so people may reach this slot on the side of the building. These steps were built a few years ago, and have crumbled away to a great extent. They are so narrow, particularly when they are covered with ice and snow in the winter months, that they would accommodate only the feet of a small child. They are exceedingly dangerous; so much so that numerous complaints have been made and people have stated they refuse to go up the steps. The result is that an old fashioned red box has been placed outside to facilitate people wishing to post letters and parcels after hours. However this box is around at the side of the building, and most people do not know it is there.

I bring these matters to the attention of the minister because, while they are small, they are very important to the people who use the post office every day. And, in addition, during the winter months the condition found there could become exceedingly dangerous and hazardous, and already has occasioned one accident. I would recommend that the situation be corrected, and I bring it to the minister's attention.

Mr. Winters: Thank you.

Mr. Green: This would appear to be a sort of safety valve for the department. As the minister has said it is a reserve. I notice the amount is $1,200,000, the same as last year.

Mr. Winters: That is correct.

Mr. Green: However, as indicated at page 448 of the estimates book, the estimated expenditures for 1953-54 are set at $900,000, and the actual expenditures in 1952-53 were $936,015. With a new broom in the Department of Public Works—a nice, new minister and a nice, new deputy—it seems that with all these nice, new heads, and with the promise that we are to have a far more efficient Department of Public Works than we had before, this would have been a good place to begin making a change. If he needed this amount at all, why could he not cut the figure to $1 million. That would have been a saving of at least $200,000, and every $200,000 helps.

Mr. Winters: The hon. member is not aware of how many items were cut out of the estimates.

Mr. Green: That may be so; but here is another that could have been cut—and I hope it will be cut next year. Would the minister explain why this item is necessary at this time, when we have new and efficient management in the department?

Mr. Winters: Thank you.

Mr. Green: Why is it necessary to have this big reserve? I can understand it might have been necessary in the old days when the Department of Public Works was run as a patronage department; but why should these reserves be necessary now? What I say applies not only to item 376 which covers unforeseen improvements but also to item 402, which sets aside another $400,000 for this purpose:

To supplement, on approval of treasury board except where less than $1,000 is required, any of the appropriations of the Department of Public Works.

Obviously that is just another amount held in reserve. And, then, item 403—

Mr. Winters: That is under the engineering branch.

Mr. Green: Item 403 is as follows:

To provide for balances required to complete any projects undertaken in previous fiscal years and for which no specific provision is made in the fiscal year 1954-55, $400,000.

It seems to me that an efficient department could plan with sufficient care that it would not be necessary to have large reserves of this kind set aside every year in the estimates. I would ask the minister to comment on this situation.

Then I would ask the minister to explain to the committee the responsibility of his department with regard to buildings beyond Canada. When the estimates were first under consideration we raised the argument that, as its name implies, the Department of Public Works should be the department of government responsible for public works in Canada. In recent years this country has been spending more and more money on buildings abroad. For example, we have—

The Chairman: Order. I must draw to the hon. member's attention the fact that we are discussing item 376, and I am afraid a discussion of public buildings outside Canada does not come within it.

Mr. Green: This item is a building item for unforeseen improvements.

The Chairman: Order.

Mr. Green: If I may finish—

The Chairman: Order. May I point out to the hon. member the terms of the resolution? The resolution reads:

Construction, acquisition, major repairs and improvements of, and plans and sites for, public buildings listed in the details of the estimates.

In other words, the discussion under this item is limited to projects which are listed in the details.

Mr. Green: My understanding of this vote of $1,200,000 is that it is not restricted to the buildings that are outlined in the details, but it is a reserve to cover any other buildings that may be necessary. The minister can correct me if I am wrong.

The Chairman: That is not the way in which the resolution reads, but perhaps the minister can help us on that point.

Mr. Green: In fact, the minister has already said that such is the case; that this is a reserve of money that may be required to be expended on any buildings. Obviously there would be no point in confining it to the buildings that are actually mentioned because amounts are set out for these particular buildings.

Mr. McIvor: In Canada?

Mr. Green: No, buildings anywhere; if it happens to be a building outside Canada then it would come under that vote, Mr. Chairman.

Mr. Winters: Yes, I should be glad to comment on that, Mr. Chairman. The hon. member's observation was a perfectly valid one. I stated in the house and elsewhere that it is not our intention to put in the estimates amounts of money that we are not likely to

spend during the year in question. It is true that last year we did not spend $1,200,000, although that amount was voted.

Mr. Green: You did not spend that.

Mr. Winters: No, I said we did not spend it. This year the officials were able to convince me that we are likely to require $1,200,000. I can assure my hon. friend that if I find we are not spending all of this vote, it will be cut down next year. It is not our intention to ask for votes that we will not be able to spend.

As to the responsibility of the Department of Public Works for buildings abroad, so far the department has had no responsibility for those buildings. At the present time we are engaged in discussions with the Department of External Affairs and it may be that we shall assume some responsibility.

Mr. Green: I think that point is of great importance, Mr. Chairman, because as I said earlier more and more money is being spent on buildings abroad.

Mr. Winters: That is correct.

Mr. Green: There is to be a new building at The Hague, a new building in Rome and either a new building or an expansion of a building in Paris. A building is being completed in Washington which last year was supposed to cost $1 million, and we are now told it is going to cost $2 million. I hold in my hand a dispatch of April 26 of this year headed: "Costly Canadian military headquarters biggest foreign army job in Washington." A swank building is being erected by the Canadian government at a cost of $2 million. The article says:

> It is a $2 million stone and steel structure complete with bronze door automatic elevators and a big bomb shelter.
>
> Resting on 900 concrete pegs, each driven 40 feet deep into the soft ground of stately tree-lined Massachusetts avenue, the massive structure was started last fall. It is about one-third completed.

The dispatch goes on to say:

> The building will be the largest in Washington designed by a foreign embassy purely for its military components.

Then last October we had the Canadian consul general in New York, Mr. Ray Lawson, getting big ideas about a building for Canada in New York. I am quoting from a dispatch of October 31, 1953:

> Canada House in United States to cost $5 million
> A $5 million Canada House which would serve as New York headquarters for all major Canadian enterprises—business and governmental—is proposed by Ray Lawson, Canadian consul general here.

It is about time that the Department of Public Works stepped into this picture. They are, or should be, the best qualified to decide on the kinds of buildings that are going to be erected all over the world by Canada. I suspect quite a few million dollars could be saved for the taxpayers of this country if the Department of Public Works handled all these buildings rather than let the Department of External Affairs put up these swell buildings for their embassies.

Has government policy been changed at all? Has the Department of Public Works been put in charge of the construction of these buildings? I notice from the annual report of the department for the fiscal year ended March 31, 1953, which we now have, and therefore, can no longer complain about not getting the report, that at page 107 the Department of Public Works gets into the picture of those public buildings beyond Canada only for buying the floor wax and things like that. We have here nothing for buildings beyond Canada for construction, but for repairs and maintenance there is $14,000 odd; rent, $72,000. Apparently the Department of External Affairs lets the Department of Public Works pay rents on the buildings that are rented, but does not let it have anything to do with construction. For salaries and wages the amount is about $500; furniture and fittings, $5,200; fuel, about $1,500; light and power, $6,800; water, $2,000; caretakers' supplies and sundries—this is where the floor wax comes in, I suppose—$12,200; total, $115,400 odd. That is the sum and substance of the contribution of the Department of Public Works to Canadian buildings abroad.

Can the minister assure us that his department is to be given a place in this picture and that it will become the authority which constructs the buildings for Canada abroad?

Mr. Winters: I think I outlined before when the estimates of the department were up earlier in April the general policy regarding the role of the Department of Public Works. I said just a moment ago that we are now engaged in conversations with the Department of External Affairs as to public works' participation in their building programs. What we in the Department of Public Works would like to do is to have the department in that degree of good shape that would make other departments feel we can carry out their construction work to better advantage for them than they can themselves. I would personally hope that would be the case, and it is the goal toward which we are working.

Item agreed to.

Mr. Gagnon: May I be permitted to ask a question on item 368 which was passed a few weeks ago?

Mr. Winters: I do not mind, if there is unanimous consent, so long as it is not a discussion. If it is a question, I do not mind.

Mr. Gagnon: This question has to do with construction of a public building in Chicoutimi?

The Chairman: Has the hon. member unanimous consent to revert to item 368?

Some hon. Members: Agreed.

Mr. Gagnon: An item of $250,000 was approved by parliament last year for that project but nothing has been done up till now. Would the minister care to comment on the project?

Mr. Winters: The situation there, Mr. Chairman, as I recall it, is that although there was that amount in the estimates last year we found this year when compiling the estimates that we were not ready to go ahead with the building. The plans had not been prepared. At the same time the Postmaster General indicated to me that he would like to study the whole matter of postal services in the area, and until such time as that is done we shall not be able to proceed with the building.

Engineering branch—

377. Branch administration, $653,824.

Mr. Cameron (Nanaimo): I am not quite sure whether I should bring up here what I want to deal with or under item 395. Perhaps the minister can help me. I want to deal with the item that was in last year's estimates for the Vesuvius bay and Crofton ferry and which is out this year. I do not know whether I should discuss it here or whether I should wait until we come to item 395. If the minister does not object to my dealing with it under this item, I will do so now.

Mr. Winters: I should be glad to have it dealt with under this item. If my hon. friend would like me to do so, I can tell him quickly what the situation is.

Mr. Cameron (Nanaimo): Yes; if the minister will.

Mr. Winters: Last year in the estimates—I think it was in the supplementary estimates—there was an amount to cover ferry landings at both Crofton and Vesuvius bay to accommodate a ferry which was to be purchased privately, I believe, and operated under a subsidy provided by the provincial government. When I considered these estimates it seemed to me that that was appropriately a matter for the provincial government because the ferry service is really an extension of the highway service of the provincial government. We therefore dropped the item pending further consideration. I have now had an opportunity of considering the projects in detail and also of discussing them with the minister of public works of British Columbia. I believe there are grounds now for considering them as joint projects. I believe the ferry landings can be regarded in the nature of public wharfs with structures built to them to accommodate a ferry. I told the minister of public works of British Columbia that I thought it was a matter with regard to which we could appropriately co-operate to the advantage of the citizens who wished to use the service. With that in mind, I propose to ask treasury board to include in the supplementary estimates amounts for ferry landings both at Crofton and at Vesuvius bay.

Mr. Cameron (Nanaimo): Thank you.

Mr. Green: As this is the first item under the engineering branch, can the minister tell us the present position with regard to work on Ripple rock? Some weeks ago we had a report that there had been a core taken of the rock underneath the narrows and up under Ripple rock to see whether or not the water would break into a tunnel if one were constructed. Can the minister tell us whether a report has yet been received on the results?

Mr. Winters: I am sorry that I am not in a position to do so. My hon. friend will recall that when this recent approach to the removal of Ripple rock was brought forward the responsibility was transferred from the Minister of Public Works to the national research council which is under the jurisdiction of my colleague the Minister of Trade and Commerce. I am aware in a general way of the work that has been done but I assume that my friend will wish to get the details from my colleague. I have not them in my possession.

Mr. Green: If it is decided to bore the tunnel out under the narrows and up so that the rock can be blown up, will that work be done by the research council or by the Department of Public Works?

Mr. Winters: I would think it would be done by the Department of Public Works but as yet there has been no determination of that matter.

Item agreed to.

Dredging—

380. Maintenance and operation of plant and contract and day labour works, $3,674,565.

Mr. Robichaud: Under this item I notice an appropriation or estimate of $3,674,565

for maintenance and operation of plant and contract and day labour works for dredging. Out of this total I am pleased to note that a sum of $1,291,552 will be spent for dredging in the maritime provinces.

May I be permitted to describe briefly the situation which exists in my county where the fishing industry is of major importance. The one thousand or more fishermen of Gloucester county land commercially twenty-four different varieties of fish and shellfish. Unfortunately ice conditions from December to May prevent fishing operations during these months, with the exception of smelt fishing which is carried on through the ice. It is therefore most important that these hard-working fishermen be provided with facilities allowing them to take full advantage of the short period of six months where they have to earn a full year's living for themselves and their large families.

Harbours and channels with sufficient depth of water are required to permit those deep-sea fishermen, equipped with modern craft, to reach the fishing grounds and to return to port with their catches. If the fishing industry is to survive it is essential that these fishermen be provided with facilities to navigate freely at all tides, under all kinds of weather conditions at least during the summer months.

The entire Gloucester county deep-sea fishing fleet, including over 50 modern draggers, valued at over $1¾ million, uses the entrance of Shippigan gully between the mainland and Shippigan island, on their way to and returning from the fishing grounds. Day in and day out, at all hours of the day or night, under most favourable weather conditions as well as during heavy gales, storms or fog, these sturdy fishermen have to feel their way through a winding and twisting channel to reach their ultimate destination.

I want to take advantage of this opportunity to impress upon the Minister of Public Works the urgent need for immediate action on this particular project. Unless the dredging of the main channel at the entrance of Shippigan harbour is proceeded with without delay, a proportion of the fishing fleet will be most seriously handicapped during the coming fishing season. A total catch involving approximately 40 million pounds of fish deserves the utmost attention of the department.

This request, Mr. Chairman, also applies to a number of harbours along the Gloucester county coast line. How can we expect those brave fishermen to exploit to the best of their ability the rich resources of the sea if they have to wait for long hours, and sometimes for days, for the tide to rise so as to enable them to refloat their grounded fishing vessels? I would appreciate it, as would my friends the fishermen, if the minister could assure the committee that he will give this request the attention it deserves and would ask his department to recognize its urgency.

[Mr. Robichaud.]

Mr. Winters: I shall certainly be glad to give to that request the attention that I am glad to give to all hon. members' requests.

Mr. Green: At page 453 we find the details of this vote. There is an increase in redredging by contract or day labour of $100,000 and there is an increase in repairs and upkeep of equipment of approximately $130,000. Why is it necessary to have these big increases in these items?

Mr. Winters: Redredging by contract or day labour amounting to $675,000 provides for maintenance dredging by companies when the work cannot be carried out by departmental plant due to the fact that departmental dredges are unable to perform all of the dredging operations; in other cases, when redredging is needed in areas some distance from the department's dredging fleet and includes particular cases where annual redredging is required. It also covers small day labour redredging jobs by scraper, bulldozer, drag lines, hand dredging and so on. The reason for the increase here is that the amount voted last year was not enough to cover the work we were required to do. We ran short of funds. This year we want to make sure we have enough.

Mr. Green: How much was spent last year?

Mr. Winters: I have not that figure before me. I am told the amount was fully encumbered but we have not been able to spend the amount of money we expected would be required to be spent during the year.

Mr. Green: Why is it going to cost $120,000 more to repair equipment this year than it did last year?

Mr. Winters: These are increases for the maintenance of new plants to be put into operation in 1954-55, $33,000.

Mr. Green: But that is capital expenditure and surely would not come under the heading of repair?

Mr. Winters: It is for the maintenance of new plants being put into operation. The second item deals with the replacement of boilers for dredge *No. 9* and tug *Fredericton,* $60,000; replacement of five pontoons for dredge *No. 21,* $38,600; replacement of pontoons for dredge *No. 305,* $20,000, which makes a total of $151,600 less decreases in other plants which amount to $19,757 leaving a net increase of $131,843.

Mr. Green: Can the minister explain which department does this dredging? I believe this is another case where work has been taken away from the Department of Public Works and is being done by other departments. For example, a great deal of dredging is being done by the Department of Transport. Can the minister explain why it is necessary to have any department, other than his own department, do dredging work in Canada, and to what extent other departments are doing dredging work, and what the basis is for this division? It does seem to me it would be more efficient if the Department of Public Works could handle this type of work.

Mr. Winters: I might say at the outset that the work is all done by the Department of Public Works with the exception of the St. Lawrence ship channel and the canals such as the Rideau canal, the Lachine canal and others which are under the jurisdiction of the Department of Transport.

Mr. Green: But why cannot your department dredge the Rideau canal?

Mr. Winters: There is no reason why we cannot do this. It is just a division of responsibility and I would not care to comment on whether it is more efficient.

Mr. Green: Is there any real reason why this dredging cannot be done by the Department of Public Works?

Mr. Winters: It is simply that the ship channels and canals come under their jurisdiction and I suppose it has been a matter of practice for them to carry out the work.

Mr. Green: But the Fraser river carries a great deal of shipping.

Mr. Winters: I know.

Mr. Green: And the dredging there is done by the Department of Public Works.

Mr. Winters: I would not wish to argue the merits of this with my hon. friend. It is a matter of practice.

Mr. Green: Does the minister really feel that this dredging should be done by his own department?

Mr. Winters: I would not wish to comment on that.

Item agreed to.

Roads and bridges—
384. Maintenance and operation, $423,449.

Mr. Lennard: Mr. Chairman, this item concerns the Burlington channel bridge and there is an item in the details concerning that bridge amounting to $85,920 concerning maintenance and operation. Which bridge does that cover?

Mr. Winters: That is the highway bascule bridge.

Mr. Lennard: Has there been any progress made in connection with the proposed new bridge over the last few weeks?

Mr. Winters: Perhaps I can best answer that by reading a letter which I dispatched to the minister of highways for the province of Ontario on April 5, 1954. That is the last communication I have on the matter. I had a brief discussion with the minister of highways, Mr. Doucett, one day last week though it added nothing to the matter and was merely a passing conversation. This is the letter:

Dear Mr. Doucett:

This is with reference to your letter dated February 15, 1954, in which you requested federal financial participation in the building of a high level four-lane vehicular bridge over the Burlington canal.

Although engineering plans have not yet been submitted to us, and, as a result, there is no detailed estimate of costs, we understand that your preliminary estimate of that part of the bridge toward which you feel the federal government might participate is $13,300,000. This, of course, is subject to change when the detailed plans are available, but I understand you feel it may nevertheless be regarded as a good preliminary estimate.

This whole matter has received careful consideration by this department and by the government. I believe it is generally recognized that the problem is primarily one of facilitating the flow of highway traffic which has increased substantially in the past few years and which is likely to grow further in the future. If we were mutually concerned only with local vehicular traffic, then a much less expensive bridge than the one you are now contemplating would be satisfactory. In fact, the double bascule bridge built and operated by the federal government would serve the purpose.

However, the federal government is appreciative of your desire to provide facilities for an increased flow of vehicular traffic, and since part of the cost at any rate is due to the requirements of navigation which make a high level bridge necessary, the federal government feels there is some justification for its financial participation.

Having regard to the fact that this problem is primarily one of handling highway traffic within the province, it follows that it falls within the scope of provincial jurisdiction. However, because of the factors mentioned above, the federal government has authorized me to inform you that it is prepared to contribute up to one-third of the cost of a high level bridge.

I understand from our previous conversation that your government will assume full responsibility for highway traffic over the canal and that once the high level bridge is completed it will no longer be necessary for the federal government to maintain and operate the bascule bridge which we would then remove. At the same time, as a matter of convenience to pedestrian traffic, we propose to add to the present railway bridge a sidewalk or sidewalks to enable pedestrians to pass from one side of the canal to the other.

You may wish to inform me if the foregoing terms on which the federal government is prepared to participate are satisfactory to you.

(Signed) Robert H. Winters

Mr. Lennard: You have not received anything from the provincial government since?

Mr. Winters: No.

Mr. Lennard: Well, I think it is about time you did because, as the hon. member for Niagara Falls pointed out a few days ago, this is the biggest bottleneck in Canada and possibly the biggest on the North American continent. I do not believe there should be any great delay in starting this bridge because at the present time there is considerable delay every time a pleasure cruiser wishes to go from the lake to Hamilton harbour. Traffic is held up and it is a very great nuisance. If the provincial government is at fault then I think it is about time they started doing something about this situation.

Mr. Green: Mr. Chairman, this item mentions the Burlington channel bridge, the Kingston, LaSalle causeway and the New Westminster bridge. Can the minister tell us the basis on which the dominion accepts responsibility for the Kingston, LaSalle causeway and the New Westminster bridge?

Mr. Winters: Mr. Chairman, I am not aware of that. This matter has not risen before and I have not had an opportunity of looking into the background or the basis on which we are participants. I am therefore not in a position to say. However, if my hon. friend would like me to look into the matter and discuss it with him I would be glad to do so.

Mr. Green: I shall be grateful if the minister will do that.

Item carried.

Roads and bridges—

385. Towards international bridge over the St. Croix river between St. Stephen, New Brunswick, and Calais, Maine, the state of Maine to pay a like amount, $125,000.

Mr. Brooks: Can the minister tell us when he expects this work on the international bridge to be completed?

Mr. Winters: That is thinking in the future. We have not even arrived at a final decision with the state of Maine as to its start, let alone its completion. But we are making progress. We have seen preliminary designs of the bridge. We have agreed now that it should be a two-lane bridge. There was quite a responsible body of opinion locally which felt it should be a four-lane bridge. We explored the matter with the United States authorities to find out whether or not they were interested in a four-lane bridge and would participate in the cost of it, but we concluded that faster action would result if we stuck to a two-lane bridge. Plans are now in the process of being prepared. I hope they will be ready before too long.

[Mr. Winters.]

Mr. Brooks: I think the minister should press for a four-lane bridge and not give up too easily.

Mr. Winters: We were quite prepared to press. As a matter of fact, we did press, but when there is a partnership it takes more than the pressure of one partner to bring about a satisfactory conclusion.

Mr. Brooks: That is true in more cases than bridges.

Item agreed to.

Roads and bridges—

386. Towards construction of spans of bridge over the interprovincial channel of the Ottawa river between Pembroke, Ontario, and Allumette island, Quebec, $200,000.

Mr. Green: This is a contribution towards a bridge to be built across the Ottawa river?

Mr. Winters: That is right.

Mr. Green: Will the minister explain the basis on which the dominion accepts responsibility for helping to build that bridge, and also the division of cost?

Mr. Winters: Yes, I would be very glad to do that. The basis on which we accept some responsibility is that it is an interprovincial river. It is the Ottawa river and any bridge crossing it would reach from the province of Ontario to the province of Quebec. Under the British North America Act the federal government has some responsibility for interprovincial bridges where such bridges are required to be built. As to the sharing of the cost, that is still a matter for decision. We have had discussions with the appropriate officials of Ontario and Quebec. We are prepared to be quite flexible and have already said that we would participate on two bases of costs which were submitted by the other partners.

One of them was that there should be a straight split of one-third. We said we would agree to that. One of the other partners suggested that Quebec do a portion of the work, Ontario do a portion of the work and we do the balance of the work, roughly the centre section. We said we were prepared to agree if that was the basis on which it was finally to be worked out. The three partners have not yet come to a final decision whether the bridge should be built or on what basis the costs of the structure should be shared. I am hopeful that we will reach agreement. I feel that the other two partners are interested in getting on with the job. It was only this week that I exchanged letters with the premier of Quebec on this important matter in the hope that we can come to some early decision.

Mr. Green: What is the estimated cost of the bridge?

Mr. Winters: I think it is of the order of $1,200,000 or $1,300,000.

Mr. Green: Is it a high level bridge?

Mr. Winters: No, it is not a high level bridge.

Mr. Brooks: The minister stated that the responsibility of the federal government was defined under the British North America Act. My understanding, for which my authority is the former premier of New Brunswick, Mr. McNair, is that the federal government is responsible for the whole cost of building interprovincial bridges. I brought the matter up here a few years ago. I asked for an opinion from the Department of Justice but I never received one. It was in connection with the Campbellton-Cross Point bridge between New Brunswick and Quebec. I also understand that the provincial governments of New Brunswick and Quebec still feel that the responsibility is that of the federal government and that it is set out in the British North America Act along those lines. I wonder whether the minister has any comments to make on that or whether he is definitely of the opinion that the responsibility of each government is limited to one-third?

Mr. Winters: No, I have no strong views on the subject. I think these are matters which require negotiation. It is all right to say that a certain bridge should be a federal responsibility but if that does not produce a bridge it does not do anybody any good.

Mr. Brooks: Is the matter clearly defined in the British North America Act?

Mr. Winters: I am no expert on the British North America Act. I understand there is some federal responsibility where a bridge is international or interprovincial. I understand too that there is also the question of how much of an interprovincial bridge is actually interprovincial because up to the boundary it is within one province and on the other side of the boundary it is within the other province. It is a very difficult problem and I do not profess to be able to offer a solution to it.

Mr. Brooks: Just another argument for a federal-provincial conference.

Mr. Winters: An argument for federal-provincial co-operation.

Item agreed to.

Acquisition, construction and improvements of harbour and river works—

388. Nova Scotia, $4,923,000.

Mr. Gillis: There is a question I want to ask the minister. The details of this item are on page 460 and there is an amount for dredging for Sydney, Nova Scotia. I am wondering whether that is dredging of the harbour or a sandbar outside the harbour. The amount that the federal government is spending is $37,000 and I am wondering who is paying the rest and just what kind of dredging project it is.

Mr. Winters: This $37,000 is 50 per cent of the estimated cost of the dredging. The Dominion Steel and Coal Corporation will pay the other 50 per cent of the cost. The dredging of berthing areas is necessary to provide sufficient depth for large ocean-going cargo boats chartered by the Dominion Iron and Steel corporation and the Dominion Coal Company for import and export shipments of steel, coal and iron ore. The proposed work is: (a) dredging berth west side of coal loading pier No. 2; (b) dredging berths east and west side coal loading pier No. 3; (c) dredging berths east and west side steel loading pier No. 1; and (d) dredging berths east and west side ore loading pier No. 2. The above dredging involves the removal of 48,000 cubic yards, scow measurement, of sand, silt, clay and gravel.

Mr. Gillis: Is the work to be done by the department's dredging apparatus or by a private firm?

Mr. Winters: The work is to be done by contract.

Mr. Gillis: By your own dredges?

Mr. Winters: No, we will invite tenders and let a contract. That is the intention.

Mr. Brooks: I should like to make a general comment on these items. Looking at the general items for the engineering branch, it is obvious that there is a great saving in this particular work. In 1953-54 $34,612,500 was spent, and the amount for 1954-55 is $25,820,600, a saving of $8,791,900. We are always very pleased indeed to note savings of this kind, but it does seem rather peculiar that last year there was an expenditure of over $8 million more than it is intended to spend this year. I mention this because, speaking particularly of my own province—and I know that the same conditions prevail in other provinces—we are in a recession. The provincial government of New Brunswick is endeavouring to find provincial works in order to relieve the unemployment situation there. When I was home at Easter I met people practically at every turn wanting to know what the provincial government was going to do on this road, that road and the other road in order to give employment to the people.

Now, as I said a moment ago, it is an anomalous situation that the federal government, when there is a recession in this

country and when there are over half a million people unemployed, should reduce the amount of the expenditure for public works of this kind in which employment could be given. I am going to be blunt about it. In the election year there was some $34 million expended when the employment situation was not nearly as bad as it is today, when there is a decrease of over $9 million.

I feel, Mr. Chairman, this is something that requires some explanation from the government. I was pleased to hear the hon. member for Gloucester mention his constituency a few minutes ago. We know what the situation has been in Gloucester county because the former member for Gloucester was a strong advocate of public works in his constituency.

Mr. Gauthier (Portneuf): He was not better than this one.

Mr. Brooks: I am not making any invidious comparison, I am only stating the facts.

The Deputy Chairman: Order. I am afraid the time has come when I must interrupt the hon. member on the ground that a discussion as to whether or not the policies of the Department of Public Works should be directed towards relieving unemployment was, I think, properly held under the general administration item. We are now dealing with specific items which deal with specific dredging in various places. I am not trying to curtail discussion any more than is absolutely necessary for the efficient carrying out of the business of the committee.

I am going to ask hon. members now that we have passed the general item to try to confine their discussions to the items that we have before us. I know that the initial items on this dredging were called rather quickly and perhaps the hon. member who now has the floor did not have an opportunity to get up on the original dredging item. I am going to say at this stage that it is my opinion that a general debate on the question of whether or not public works should be used as a means of relieving unemployment is not in order on the item now before us.

Mr. Brooks: I have to bow, of course, to your ruling. I still cannot help noticing the great difference there is in the amount voted in this item this year as compared to last year. I do not believe it is out of place to comment on the necessity for this work this year as compared with last year. Take my own province, for instance, and we find that in 1953-54 under item 390 there was $2,880,000 voted for work that year, whereas this year the amount is $1,334,500, a difference of $1,545,000.

[Mr. Brooks.]

While I am not going to discuss the matter any farther, I am sure it is obvious to every member in this house, and it is certainly obvious to the people concerned, that there is an anomalous situation. Take Prince Edward Island, for instance. We find under item 389 the vote this year is $847,800, whereas last year it was $1,930,000, a difference of $1,082,200 for that small province. I do feel that the house and the country are entitled to some explanation as to why there is such a large difference in the vote this year as compared with last year.

Mr. Winters: I should be very glad to say a few words. I am always interested in the way my hon. friend sees political significance in everything we do.

Mr. Brooks: It is so obvious.

Mr. Winters: He looks for a political reason behind every bush. I often have to disappoint him. This is not the first time I have had to disappoint him this year by asserting that there is no political significance in the point he has raised. I hate to have to do it again, but that is the fact. I must say that my friend is one of those who, in an election campaign, speak most vigorously about the high level of government spending, but the moment it drops he says, "Let it drop somewhere else, but not here."

Mr. Brooks: You have never heard me say that.

Mr. Winters: I read some of your reported speeches last year. Of the total amount voted, which my hon. friend says correctly was $34,612,500, the total amount spent was about $21·5 million. Now, as I told my hon. friend before, it is our policy to try to include in the estimates only the amounts we expect to be able to spend. If we can spend this $25,820,000 it will actually represent an increase rather than a decrease. I hope that will help to allay the haunting fears of my good friend.

Mr. Brooks: I hope it will give some employment.

Item agreed to.

Acquisition, construction and improvements of harbour and river works—
389. Prince Edward Island, $847,800.

Mr. MacLean: I have a question or two to ask on this item. I notice in connection with the vote for harbour investigation and development at Rustico, last year the amount was $100,000 and there is an indication in the note that of the $150,000 in the estimates this year $90,000 is a revote. I take it that only $10,000 was actually spent out of the $100,000 voted last year?

Mr. Winters: That is correct, Mr. Chairman.

Mr. MacLean: I trust the minister will be able to assure us that this year the course of events will be different and a real attempt will be made to carry on this project so that the $150,000 will be spent for improvements.

Mr. Winters: That is our aim, Mr. Chairman.

Mr. MacLean: I have one other question. Can the minister indicate whether any request has reached him with regard to a wharf at Point Prim for use of the rather large number of fishermen who fish from that point? I did not see any item in the estimates, and I was wondering if it might be covered in the supplementaries?

Mr. Winters: The item was requested, and I know it has been requested several times by the junior member for Queens, but we were not in a position to go forward with it because we had not completed our investigations and have not been able to do any planning.

Mr. Matheson: I wonder whether the minister could give the details of that $150,000 expenditure at Rustico?

Mr. Winters: This amount of $150,000 includes a $90,000 revote, and is required to continue the investigation for the development of the harbour and to provide funds for actual construction as indicated by the investigation to be necessary. An amount of $36,000 is included in this item for the construction of a boat shelter now under contract with Messrs. Noye, Raynor and Noye. Improvement and development of Rustico harbour in the interests of the fishing industry is an immediate necessity.

A survey of the tides, currents and sea bed movements in the area was carried out in 1953 by the Nova Scotia technical science service under the direction of Dr. S. J. Mazur at a cost of about $20,000. Rustico harbour is one of the most important fishing stations in the province, activity being carried on continuously from the opening of the lobster season, May 1, up to the close of cod and mackerel season in the late fall. The proposed work, as I indicated, is for a boat shelter, now under contract, and the building of a dam to shut off Little harbour at the east end of Robinson's island; and possible further surveys, as well as to carry out any other recommended improvements based on the findings of the investigations carried out in the past two years.

Item agreed to.

Acquisition, construction and improvements of harbour and river works—

390. New Brunswick, $1,334,500.

Mr. Robichaud: I see an item of $17,500 for a wharf at Little Pokemouche gully. Can the minister tell us when the department intends to call tenders for this project?

Mr. Winters: We are still awaiting the results of borings for that project.

Mr. Bell: I have a few questions to ask about breakwaters in the bay of Fundy, Saint John county. I believe I have already indicated to the minister the concern of the people of Lorneville about their breakwater. It is spring in that area now, and work has not yet begun. They are wondering what the plans are for the breakwater at Lorneville.

Mr. Winters: I have asked the department to engage the services of a consulting engineer to carry out an inspection and make a report. For this purpose we have retained Mr. O. J. McCulloch, who is a consultant in the marine field. I understand he has visited the breakwater but I have not yet received his report.

Mr. Bell: I would remind the minister that the breakwater in its present condition is of no use to the fishermen down there. They have been very patient about the matter and would like to see some action taken this spring.

Mr. Winters: That is why I thought I should get a report on it.

Mr. Bell: I would also inquire about the situation at Dipper Harbour. I am given to understand—and I have seen for myself—that the old retaining wall, which has been used partly as a breakwater, is now giving way. The residents indicate that a few dollars spent now would serve the purpose, but that if it is left until a later time it would require the expenditure of a large amount of money. Is there any report on this breakwater?

Mr. Winters: I have no report before me, but I shall consider my hon. friend's comments.

Mr. Bell: I wish the minister would do so, because promises were made two or three years ago that something would be done, and a small expenditure now would probably save considerable expense in the future.

Then, what is the plan for Maces Bay, for which there is an amount this year?

Mr. Winters: We expect to have the plans ready for the breakwater extension at Maces Bay within the next few days.

Mr. Bell: Then, I would ask about dredging at Courtenay bay in Saint John harbour. I am bringing the matter up at this time,

because amounts have been spent for this purpose in other years. There is a story around Saint John that the new oil tankers cannot enter Courtenay bay because dredging has been slowed up. What are the intentions for the future at that point?

Mr. Winters: At the request of the Irving Oil Company, and certain other citizens in Saint John, including my hon. friend's predecessor in the house, we have been studying the situation. We have not yet made any final decision, and we have no funds in the estimates for work at Courtenay bay.

Mr. Bell: I would ask the minister to keep in mind the fact that we have always had these oil companies located at Saint John, but that recently moves have been made to Halifax to accommodate part of their facility. We do not know for sure if it is the policy of the companies or merely because the facilities at Saint John are not extensive enough to provide proper docking and harbour facilities to service a modern tanker fleet. I hope we will not lose out in this connection merely because of a few dollars in the estimates.

Item agreed to.

Acquisition, construction and improvements of harbour and river works—
392. Ontario, $6,573,400.

Mr. Noseworthy: This item refers to the work of the engineering branch in Ontario. I would ask the minister whether his department has any administrative control over or any interest in the water level of lake Nipissing. I have before me correspondence from individuals and recommendations from chambers of commerce and city councils regarding the low level of water in that lake. Has this matter been discussed, and what can be done?

Mr. Winters: There is a control dam at the outlet of the French river into lake Nipissing, which is owned by the Department of Public Works; and we exercise control over the level of water. A deputation was received recently from North Bay in connection with this problem and we are keeping active supervision of control measures. We receive water levels reports twice daily, and are endeavouring to see that the situation is controlled to the best advantage.

Mr. Robinson (Bruce): Mr. Chairman, in the riding of Bruce there is a shore line of about 150 miles. There can be no doubt that on many occasions the requirements along the shore line could become a headache for the Department of Public Works. However, I would ask the minister for some information concerning the proposed construction of a dock at Tobermory. I understand that in years gone by there was an estimate for part of this work. This year it is dropped completely. I would point out that there are many people in that locality who depend on fishing for a livelihood. Then, I am sure the Minister of Citizenship and Immigration is familiar with the area, and will know about the beautiful scenery in that part of Ontario.

To complete the work some 900 feet would have to be constructed. My suggestion is that, when the minister's department reaches the point of building the dock, it should not be done piecemeal. I ask the minister not to do it piecemeal. When you take into consideration the amount of money that will be spent, it will be more economical to do it all at once. Eleven fishing boats worked out of the harbour of Tobermory and last year they sold $212,448 worth of fish. I am sure the minister is familiar with marine slips, and if he will visit that area he will agree with what I am saying. Can the minister tell us whether at the present time they have plans in view for future construction?

Mr. Winters: I understand my hon. friend is talking about the proposed dock at Tobermory. There was an item of $50,000 in the estimates last year. We have not been able to decide upon a proper site because of differences of opinion locally, nor have we obtained the water lot, but we do hope to be able to proceed with the project there. It is still in the planning stage, and that is all I can tell my hon. friend at this time.

Mr. Robinson (Bruce): Once more I would ask the minister not to consider doing it piecemeal, but all at once. Is the department contemplating doing any permanent work at Southampton in connection with the river mouth? It is a bone of contention every year, and it costs a lot of money for dredging.

Mr. Winters: In the details of the estimates there is an item on page 466 which reads: "Saugeen river (Southampton)—reconstruction of pier." The amount is $110,000.

Mr. Robinson (Bruce): In connection with that, I understand a deputation will be coming down to have an interview with the minister which I am sure they will obtain. Their suggestions will be worth taking into consideration in regard to permanently improving the river mouth. It may entail some co-operation between the municipality and the province, I do not know; but I would suggest that it be looked into from that view to make something permanent.

Mr. Enfield: I should like to take a brief moment to express my pleasure at knowing that the sum of $1,768,000 has been provided for work in Toronto harbour. We cannot underestimate the value of Toronto harbour. It now serves a metropolitan area containing nearly 1½ million people, and is simply packed with industry. We can expect, I suppose, greater activity there when the St. Lawrence development is completed. There is one problem, however, that we see in Toronto harbour. It is not a natural harbour in the true sense of the word, in that the basin keeps filling with silt that is taken off the lake at various points and dropped by the current when it reaches Toronto harbour. One of the unfortunate circumstances of the problem is the fact that the silt is taken off Scarborough bluffs, which are in my riding, and deposited in Toronto harbour. It is then dredged out of the harbour and taken to the lake front and used as filling for good land which they sell at a profit. Therefore they are really selling Scarborough land at a profit, which goes to the city of Toronto. That is putting it very facetiously. However, the problem is very serious for Scarborough in that the bluffs are crumbling away and housing of course along the bluffs finds itself in a very precarious position. There is no note here, and therefore I do not know what the plans are for the spending of $1,768,000. I note that $800,000 is a revote from last year. Have any representations been made to the minister regarding the problem of the Scarborough bluffs? Will any of this money be earmarked for research or remedial action in that regard? Some talk has been heard of building groynes, for example, out in the lake from the bluffs, which may or may not be a good thing. If the minister has information there on the expenditure of the money generally I would appreciate it very much if he could give us a word on it.

Mr. Small: Since my riding of Danforth is adjacent to York-Scarborough, similar conditions exist on its shore line. Erosion is taking place from the currents of water going both east and west under certain adverse weather conditions. May we have the details of how the money is to be allotted?

Mr. Winters: The amount of $1,768,000 is broken down as follows:

(a) To complete the contract with Sir Robert McAlpine and Sons (Canada) Limited for construction of harbour headwall	$1,266,000
(b) Towards dredging adjacent to harbour headwall	400,000
(c) Reconstruction of outer end of east pier	82,000
(d) Repairs to east pier (circulating channel)	20,000
Total	$1,768,000

As to Scarborough bluffs, except for what the hon. member has told me, we have had no deputations or any requests for any action there. I understand it is the general problem of erosion in areas of the great lakes.

Mr. Small: Erosion is caused by the current, as pointed out by the hon. member for York-Scarborough, and it has been taking place for a good number of years. About twenty years ago they did take care of the south end of the riding toward the westerly part. It was suffering from the same kind of erosion at that time, and they did a fairly good job. But at the east end of the riding and also in York-Scarborough, which includes the Scarborough bluffs, there is a serious problem that will have to be attended to. Only a limited amount of money will be available. The money that the minister has reference to goes to harbour improvements within the Toronto bay proper. It has to do with channels leading to the bay and so forth. This condition is outside of the bay altogether. No provision has been made this year for taking care of the erosion on lake Ontario. Is it possible to get an appropriation for that?

Mr. Winters: This problem of erosion comes up every year, and every year the government states its position. The general policy is that unless the erosion is attributable to navigation, or is likely to endanger navigation, or is caused by some federal government structure, then it is not a federal government responsibility.

Mr. Small: I realize that. The last time assistance was given, I believe, on a joint proposition between the province, the municipality and the federal authorities, and it was done through the hon. member for Danforth at that time. Probably the same arrangement could be made at this time.

Mr. Winters: I presume that was one of those unemployment relief measures in the early 1930's.

Mr. Small: If we have the same condition now it would apply again.

Mr. MacInnis: The erosion or the unemployment relief measure?

Mr. Small: What I am anxious about is something to take care of the erosion condition that exists, and if it cannot be done this year I should like to have something earmarked for this problem next year.

Mr. Pallett: Can the minister tell me what work he expects to have completed on the Port Credit harbour this year? In the estimates $400,000 is earmarked for that work. I wonder just what it entails.

Mr. Winters: I have read some of my hon. friend's advertisements in his election campaign. I presume it is related to them. It is a revote.

Mr. Knowles: The minister sees politics behind every bush.

Mr. Winters: I did not see it first. It is a revote of $400,000 to provide towards harbour improvements to give deep-water facilities to serve the growing industrial area between Toronto and Hamilton. This is a breakdown of it. The entire proposal includes the construction of a breakwater, several wharves, a slip and approach, and dredging to give deep draught harbourage.

Mr. Stanton: In the details there is a revote of $20,000 for Blockhouse island at Brockville. Can the minister give me information as to what the department has in mind with regard to the work at Blockhouse island?

Mr. Winters: The proposed work is demolition of the existing cribwork structure down to low-water level; the building up of the east bank of the island with stone fill; the laying of an 18-inch concrete mat over this fill; the construction of a masonry wall with a one to one slope up to elevation 248·3; the laying of a 10-inch pavement slab.

Mr. Pallett: The original question I asked the minister was as to the work which it was expected would be completed this year. I may have misunderstood the minister but I do not quite feel the answer was given to that question. I refer to Port Credit harbour.

Mr. Winters: We expect to start with one wharf this year.

Item agreed to.

Acquisition, construction and improvements of harbour and river works—
393. Manitoba, $103,000.

Mr. Knowles: This includes a revote for the extension of Alexander avenue wharf at Winnipeg. As the minister knows, the government has agreed to this extension which was requested by the Winnipeg and St. Boniface board of harbour commissioners. Can he tell us what progress is being made and how soon it is expected that the work will be completed?

Mr. Winters: The proposed work is the construction of a round timber pile bent extension 147 feet long by 42 feet wide on the downstream end of the existing Alexander wharf. I understand there is some hold-up

[Mr. Small.]

with regard to the property and that we have not been able to acquire it. The matter is now before the Department of Justice.

Mr. Knowles: I have one other question under the general heading of work in the province of Manitoba. I ask this question because of the discussion a moment ago in which the two members from the Toronto area took part. I refer to the discussion as to federal responsibility or denial of responsibility where there is erosion.

As the minister probably knows, a few years ago when his predecessor was minister of public works, some work was finally done at the town of Gimli on the west shore of lake Manitoba. Erosion was taking place there to a considerable extent and it was having an extremely serious effect on the town of Gimli. It was finally admitted by the government that navigation had something to do with it and some valuable work was done. A substantial wall has been built from the centre to the south end of the town. I know that the minister feels that, when something has been done, we in the opposition always say that the government should have done a little bit more. I hope the fact that I seem to be speaking in this vein will not be held against the validity of the claim of the people in that area.

The fact is that the people who have property just south of where that wall was built feel that the further erosion that is taking place with respect to their property is in part due to the currents that are set up by that wall. I know that the minister might say that if the wall were extended a little bit further, those still further south would have a claim. I know something of the geography of that area. I think it is clear that there is a further point to which that wall could be built beyond which it would not be necessary to go further. I hope that the request these people are making for an extension of that wall will be given favourable consideration.

Mr. Winters: I shall be glad to look into that matter.

Item agreed to.

Acquisition, construction and improvements of harbour and river works—
395. British Columbia and Yukon, $4,998,500.

Mr. Herridge: Mr. Chairman, I want to make a few remarks under this item. I do not rise by any means in a complaining spirit. I am going to try to make some constructive suggestions, and comments. I know the department is preparing to undertake a good deal of necessary construction and a number of necessary repairs to wharves and structures of that type in my constituency. I want to say that those communities which

will be affected by those new structures or by those improvements appreciate greatly the works proposed by the department.

Before passing on I should like to bring to the minister's attention the fact—and I think I am correct in my statement—that I represent a riding that has the highest per capita wealth production in Canada. I think that statement will be found to be correct, if you take the total production of Kootenay West and relate it to the population. This means an extremely large income tax collection from the area. Hence there is great justification for the investment of government funds in public works and facilities of that sort.

I want to bring to the minister's attention the necessity for the reconstruction of a wharf at Robson. I am not expecting that it will be undertaken this year, but I have been asked by the West Kootenay and central farmers' institute, various fruit growers' organizations and the Castlegar chamber of commerce and local residents to bring to the attention of the minister the fact that the old wharf at East Robson is getting extremely shaky. It has been there for a good many years. In fact, it is so shaky now that when the bus goes down to meet the steamer or when the fruit trucks go down to take fruit away from a barge or boat the drivers are told to proceed only part way down because it is not safe to go down the full length. It is certainly not safe for heavy loads at the present time. It is an important wharf because it is the one at East Robson which is at the south end of the Arrow lakes and there is a great deal of tonnage that goes over that wharf throughout the year. I bring this matter to the attention of the minister and his officials in the hope that consideration will be given to the necessity for the reconstruction of this wharf in the near future. I am of the opinion that when the question of reconstruction comes up it will possibly be to the advantage of the public generally to slightly alter the site and possibly construct a somewhat different type of wharf. That is all I am going to say about that. As a matter of fact, the minister knows I ask for very little. I am one of those who bother him very little indeed.

But I want to mention a very important matter in relation to the Duncan river. For some years the department tried to move a large log jam on the Duncan river, as it flows from Howser lake into the north arm of Kootenay lake, but without much success. This meant it was impossible to float booms of logs down the river and impossible for small craft to proceed up river. But finally the department decided to make a new channel after going over the whole question very thoroughly with one of the minister's engineers who came from New Westminster to discuss and plan what should be done to remedy the situation and the work was finally got under way. I wish to compliment those men who have undertaken the building of that new channel from Howser lake to north Kootenay lake. I believe the cost has been on the average some $4,000 or $5,000 per year. It has been of great convenience to the lumber companies in that area and for small craft proceeding up the river to Howser lake.

However, I wish to make one suggestion relating to this new channel on the Duncan river. In 1896 there was a race between Jim Hill of the C.N.R. and the C.P.R. in regard to the building of a railway into the Lardeau. The C.P.R. got through first, though the railway has since disappeared. However, Jim Hill's engineers built a trestle across Howser lake towards Howser. The grade was built, trestles erected, but the entire project was abandoned when the C.P.R. won the race. Over the years logs and brush, the stumps of trees and debris have floated down from the north Duncan river into Howser lake. That debris has piled up against the piles driven across the south end of Howser lake and there is now a considerable quantity of sand lying against these piles so that the level of Howser lake is being artificially raised more and more each year. That sand has piled up and is causing inconvenience to lumber operators and the few residents living around the lake. I have looked over the whole jam myself with some of the local residents. The current is strong at this point and I would suggest that half a dozen cases of dynamite could be used to blow a hole in this sandbank created by debris accumulated around the pile that would open up a narrow channel but the natural erosion would clear away the rest. I bring this to the minister's attention because I believe that this work could be done with the expenditure of very little money and be a great improvement.

Mr. MacInnis: Mr. Chairman, there is one item in this vote on which I would like to question the minister and that is in relation to the fishing harbour at Vancouver. I notice that in the estimates it is referred to as a "fishing harbour". I know it by the more modest name of a wharf. This project has been under request for some considerable time, but I understand there has been difficulty in obtaining control of the property on which to build a wharf. I would like to know what progress has been made during last year. I understand a site has to be

bought from the Indian reservation. I would like the minister to tell us what progress has been made in getting this wharf or harbour completed.

Mr. Winters: Mr. Chairman, we have acquired the property on which to build this wharf but as yet we have reached no agreement with the harbour commission as to its management. When that is completed we will be able to proceed with the work for which this money is voted.

Mr. MacInnis: Have the plans for the construction of the wharf been completed, and what will be the total cost? Is the total cost included in this estimate? While the minister is dealing with that point he might give us an estimate of when the work might be finished. There is great demand for this harbour on the part of fishermen and fishing vessel owners who come into Vancouver.

Mr. Winters: The estimated total cost of the fishing harbour is broken down as follows: purchase of land, $90,000; access road, $10,000; dredging, $355,000; bulkhead, shed, roads, parking area, services, platforms, wharf, etc., $355,500; floats, mooring piles and gangways, $103,750, or a total cost of $914,250. The plans have been prepared and we will be ready to go ahead as soon as the matter of management can be worked out satisfactorily.

Mr. Green: On that point the minister said the total cost would be about $914,000.

Mr. Winters: The total estimated cost, yes.

Mr. Green: I take it that includes the $100,000 vote made last year?

Mr. Winters: That is right.

Mr. Green: And the vote for this year of $365,000?

Mr. Winters: That is correct.

Mr. Green: So it is quite apparent that the wharf will not be completed this year?

Mr. Winters: That is correct.

Mr. Green: When does the minister expect it will be finished?

Mr. Winters: It is difficult to say. We have not yet got the management agreement worked out but as soon as that is arranged we will be ready to get on with the job. I believe if we get on with it reasonably early this year we can complete it in the next fiscal year.

Mr. Green: Then the minister believes it will be completed some time in 1955?

Mr. Winters: Yes.

[Mr. MacInnis.]

Mr. Green: I put that question because I have here a publication called "Soundings" which is issued by the fishing vessel owners association of British Columbia. The issue for August, 1953, carries the heading "Complete in '54" and the subheading "Funds Assured for Wharf." The article reads:

> Vancouver's new fisherman's wharf, to be constructed on the south shore of False creek, will be completed and in operation by the fall of 1954.
>
> This is the post-election assurance given by Fisheries Minister James Sinclair.
>
> He said that the additional $625,000 required to complete the development, definitely will be appropriated at the next session of parliament.

Apparently that statement by the minister is incorrect?

Mr. Winters: I have not spoken to the minister and I do not know under what condition he made that statement. Of course, that is merely a report of what he said. The circumstances are as I have outlined them here today.

Mr. Green: The actual fact is that the wharf cannot be completed until 1955?

Mr. Winters: Yes, that is correct.

Mr. Hahn: Mr. Chairman, I wish to ask the minister a question regarding dredging in the Fraser river. Earlier this week in a private discussion with him I drew to his attention the problem now being encountered in the Ladner channel in permitting boats in and out of that particular region. At that time I did not have the facts available to substantiate what I was then telling the minister, but I have now obtained the facts and figures from the board of trade of that town and it appears that something like $735,000 worth of shipping passes through. There are four marine gas stations also located there. It is very difficult for a boat to get in and out of the port in order to load and unload its wares. I wonder whether the minister is prepared at this time to state whether they intend to carry on the dredging operations before the spring shipping pressure hits the port?

Mr. Winters: I take it my hon. friend is speaking of Ladner. No, I am not prepared to state that. I have not the final report.

Mr. Patterson: I have been watching for a place to make inquiries about a certain matter and it would seem to me that it would come under this particular section. It has to do with rock work on West Nicomen island. I have just received a telegram today and perhaps the best thing I could do would be to read it. It reads as follows:

> Letter last year from Minister of Public Works advised that a request for rock work on West Nicomen Island cost to be shared equally by federal and provincial and Nicomen district would be

favourably received. This March request made district agreed to raise one-third of cost and the provincial government also agreed to one-third. No reply has been received from federal public works. Due to urgency and the fact that work must be completed before river rises operations have been started but will have to be shut down if immediate reply not received from dominion public works. Could you contact the minister and impress the importance of a reply being sent in answer to wire to him from provincial diking commission also from deputy minister of lands?

Mr. Winters: Would the hon. member say who signed the wire?

Mr. Patterson: J. A. Worth, secretary of the West Nicomen ratepayers association at Deroche.

Mr. Winters: What is the date of it?

Mr. Patterson: April 29. I was wondering whether this project was included in the estimates or whether any action is being taken on the matter.

Mr. Winters: It is not included in the estimates. We are still studying it.

Mr. Patterson: In view of the urgency of the matter, will the minister be able to give a reply in the very near future?

Mr. Winters: We will reply very soon.

Mr. Green: There is included in this vote an item of $1,080,000 for dredging the first narrows in Vancouver harbour, and that includes a revote of $750,000 which was the total amount of the vote for the preceding fiscal year. I know that considerable work has been done there during the last fiscal year. How was that paid for if it is all to be revoted now, and what progress is being made?

Mr. Winters: The position is that a contract has been awarded to the B.C. Bridge and Dredge Company Limited and Northwestern Dredge Company Limited in the amount of $1,042,800. The date of completion for the dredging is set at August 7, 1955.

Mr. Green: Has anything been paid yet for the work?

Mr. Winters: I am told now that the indication that the whole amount is a revote is in error, and that something has been paid for the work that has been done.

Mr. Green: I wondered about that. It was also suggested that there should be a model of the whole harbour set up for the purpose of studying further changes in the first narrows. I should like to know whether or not that has been done and, if so, what progress has been made and when steps will be taken to do this additional work over and above the actual dredging of the first narrows which is now under way.

Mr. Winters: I am told that the project is under the same committee which is studying Ripple rock and which reports through the national research council to the Minister of Trade and Commerce.

Mr. Green: Can the minister tell us what progress has been made?

Mr. Winters: No, I cannot.

Mr. Barnett: I find myself somewhat in the same position as I imagine a good many members do, that I am tempted to discuss some of the things that are not included in these estimates more than the ones which are. However, I do not propose to yield to that temptation except to draw to the attention of the minister another instance in which it would appear to me at least that it is a case of the left hand not knowing what the right hand is doing. I wish to refer to the *West Coast Advocate,* which is published in the city of Port Alberni. The issue of April 15 contains the following:

Also addressing the meeting—

Incidentally, the meeting was addressed by Mr. Arthur Laing, leader of the Liberal party in British Columbia.

—was . . . Irving Wilson, candidate in the 1953 federal contest. Mr. Wilson reviewed his recent trip to eastern Canada, and assured the meeting of the federal government's intentions on such local matters as the Alberni boat basin, west coast fishermen's floats . . .

The thing that struck me as being a bit strange was that at about the same time Mr. Wilson was solemnly assuring the people of the Alberni valley that the project on Kitsucksus creek, which is known as the Alberni boat basin, was going to be proceeded with. I received a letter which the minister may recall informed me that it had been decided not to proceed with that particular project. I thought the minister might be interested in knowing about that situation because it is a project in which the people of the city of Alberni particularly are quite interested.

Naturally they were rather disturbed at having been informed on the one hand by someone that the project was going to go ahead—at least, I understand so from the reports that were given to me—and on the other hand being regretfully informed by me, when I discussed the matter with the president and secretary of the board of trade, of the information I had from the minister. It did not create a particularly good situation.

However, there are one or two questions I should like to ask the minister about items that are included in this vote. The details are on page 468. There is one item, partly new and partly a revote, in connection with

the project at French creek. The item reads, "Qualicum beach (French creek)—improvements". The people of that area are very much interested in that project. When I visited it while I was at home during the recess I was pleased to note that some considerable work had been done in the construction of the breakwaters since I had last seen it. However, as I understand the situation, the portion of the work which is included in this year's vote has not been completed and I would be very interested if the minister would give me details as to what further work is contemplated on that project.

Mr. Winters: In reply to my hon. friend's first statement about Alberni, the reason we have not been able to go ahead with the fishermen's floats is a dispute as to the adjoining property. That is the reason there was the change in contemplated action. I know my hon. friend will understand that things like that are bound to occur. The intention was to proceed, and had it not been for this dispute we would have done so.

At French creek, which is shown as Qualicum beach, the proposed improvements include enlarging the boat basin, extending the floats, constructing a diversion dam and rock breakwater. The construction of the breakwater is under contract with Ed Welsh and Company Limited at $32,130.

Mr. Barnett: From the description the minister has just given me, I take it that there is no provision for any deepening of the channel entrance leading into the basin itself. One of the reasons I asked that question is that I happened to see it for the first time at extreme low water on a recent visit.

Mr. Winters: There is no provision here for that, Mr. Chairman.

Mr. Barnett: No provision for that? I should like to point out to the minister that before that project can be considered to be completed, in my opinion that is a necessary consideration. It does mean that a low water access to the basin is not available.

Mr. Winters: I shall certainly bear that in mind. I am glad to have these comments.

Item agreed to.

Harbours and rivers generally—

396. Repairs and upkeep for the maintenance of services, including reconstruction and replacements, and to authorize commitments against future years in the total amount of $420,000, no new works to be undertaken, $3,535,000.

Mr. Green: Will the minister explain this item, and in particular why it is necessary to have a vote of this size? In 1953-54 there was only $2,830,000 expended and in the previous year $2,502,000 approximately, and yet we have a vote this year of $3,535,000.

Mr. Winters: As my hon. friend knows, this is the amount for repairs and upkeep of harbours and rivers generally, including reconstruction and replacement, but does not provide for any new work. Although it is estimated that the actual expenditure this year will be $2,830,000, the authorization under the vote included considerably more moneys than that. In fact, so far the funds for the last fiscal year authorized were $3,133,667.26. This is an estimate and the same remarks that I made earlier will apply here. If it is found we do not need this much money, we will certainly not carry it next year. It is one of those votes with respect to which I shall have to learn by experience.

Mr. Green: Can the minister explain the purpose of this vote?

Mr. Winters: It is largely to provide for storm damage, which has been quite considerable in the fall of the year around my own part of the country, and I know that any seacoast is exposed to the same hazards.

Item agreed to.

Trans-Canada highway division—

397. Administration, operation and maintenance, $487,484.

Mr. Hodgson: I understand that this item is for administration and covers the salaries of your own department for trans-Canada?

Mr. Winters: Yes, that is right.

Mr. Hodgson: Has the minister ever thought of paying anything towards the maintenance of the highway after it is built? I know that is not contained in the agreement with the provinces, but something has to be done to encourage them to build more of these roads if we are going to complete the project in the seven-year period. Would the department consider something along that line?

Mr. Winters: My hon. friend knows I am limited by the provisions of the act. The act does not provide for maintenance but only for participation in the cost of construction, and I cannot go beyond that. I might add that when the provinces entered into the agreement to construct the highway by December 9, 1956, they did so knowing full well it provided only for the cost of construction and not for maintenance.

Mr. Hodgson: That was more or less a sort of horsetrading deal that was initiated. Probably you are a better horse trader than some of the provinces, so you got the best

of the deal. I think you have to do something to encourage the provinces to build more of this road or else take over the maintenance.

Mr. Winters: My friend is getting into a field that presents great difficulties. I am sure he knows there is still one province in Canada that has not signed the agreement because of stated fears of the invasion of a field of provincial jurisdiction. Maintenance of highways is a field that the provinces have always regarded as their own, and it would bring up a whole new series of problems which I believe are beyond the scope of anything that was contemplated when this act was being considered and finally approved.

Mr. Hodgson: Since the minister has mentioned that one province, is there any hope of getting that last province to sign the agreement within any reasonable time?

Mr. Winters: All I can say, Mr. Chairman, is that we are available.

Mr. Churchill: In the details shown on page 470, there is an amount of $13,380 for film displays, broadcasting, advertising and other informational material other than publications; is that in connection with the trans-Canada highway and what purpose is served by that?

Mr. Winters: In the film board, we undertook some time ago to present a picture of Canada generally and at that time we used the vehicle of the royal visit, which was rather successful. I believe it was the most successful picture we ever made in the film board to interpret Canada to Canadians in a broad sense. We discussed another vehicle to try to develop that same sense of showing Canada as a whole to Canadians, and it occurred to us that the trans-Canada highway might be an appropriate means. We undertook, with the national film board, to share the costs of a film based upon the trans-Canada highway, but really designed for the purpose of showing Canada to Canadians in a manner that might appeal to them. That is the reason for that vote.

Mr. Hodgson: I see that item is down $10,000 this year. Does that mean you are not going to take another picture this year?

Mr. Winters: No, it is the same film.

Mr. Green: The last time these estimates were under discussion the minister indicated the highway would not be completed in time. Can he tell us when it will be possible to drive over the highway rather than when it will be all hard-surfaced and properly completed? I understand that at the present time there is a gap, I do not know of just how many miles. When is it expected a person will be able to drive over the highway?

Mr. Winters: There are two gaps that have not yet been constructed to a point where a vehicle can drive over them. One covers a distance of about 180 miles in Ontario and the other covers some 80 miles in Newfoundland. When these gaps will be closed is a matter for the provincial governments. We have been urging them, as I said before, but they have their own highway programs and their own highway problems. They are in the best position to judge how much of their total highway effort should be devoted to trans-Canada.

I said at that time the provinces did undertake by agreement to build their part of the highway by December 9, 1956. Now, it remains to be seen whether that is going to be achieved. We hope it will. I have written to all the provincial governments on several occasions—the last time was in December of last year—reminding them that the authority given to the government under the Trans-Canada Highway Act extends only to December 1956, and that we have no authority beyond that date.

Mr. Green: Has the minister any idea of when these two gaps are to be closed?

Mr. Winters: No.

Mr. Green: I suppose it will be some years earlier than completion of the system?

Mr. Winters: I cannot add to what I have said. The agreements provide for a termination date, and the provinces undertook to complete the highway by that date. I recognize the problems just as they do; but I do express the hope that they will be able to complete the highway on time. Some of the provinces will. The minister of highways of Alberta was in to see me this morning and indicated that he thought Alberta would finish on time. I believe Saskatchewan will, too; and there are others as well. Whether or not they all will is a matter for their own decision.

Mr. Churchill: Will the minister be showing the gaps in the film of the trans-Canada highway?

Mr. Yuill: Is there anything to come up in the near future by way of plans for a Yellowhead route?

Mr. Winters: The Yellowhead route is not part of the trans-Canada highway.

Mr. Yuill: I believe it is designed as such.

Mr. Winters: But it is not designated as such, and that is the determining factor. The hon. member may have his own opinions

in the matter, but the fact of the matter is that the Yellowhead route has not been designated by the provinces concerned as the trans-Canada highway. That was their responsibility, and they chose another route.

Mr. Yuill: And it was a very unhappy choice; I would like to say that. Would the government and the minister take kindly to considering the feasibility and possibility of building, as the most important part of the trans-Canada highway, the Yellowhead route, both from the point of view of economy and of service to the people. I realize, of course, that the Minister of National Defence placed no importance on this phase of the matter from a military standpoint, but I suggest it is worthy of consideration. I would ask if, after the Big Bend highway is completed, the government would take kindly to building the Yellowhead route.

Mr. Winters: I cannot add anything to what I have said. The hon. member is talking about something for the future. The problem at hand is to complete the present trans-Canada highway; and that is the only authority that has been given by parliament. We are in the hands of parliament in these matters.

Mr. Knight: The minister has answered in part as to the rate of progress made by the various provinces. I take it from what he has said that Alberta and Saskatchewan are reasonably well ahead of the others?

Mr. Winters: That is right.

Mr. Knight: Then, which of the provinces are not so far ahead?

Mr. Winters: What is it my hon. friend wants?

Mr. Knight: I should like to have the comparative rate of progress in the building of the trans-Canada highway in the various provinces. In other words, I should like to know about the nearness of completion of the program. The mileage completed would be a good criterion.

Mr. Winters: It is easy to answer in the case of Quebec, because they have not started. With respect to Nova Scotia, to date two contracts have been awarded for bridges, but no work has been done on highway construction. I have here figures showing the number of miles approved and the number of miles completed. I shall have before me in a moment the total mileage in each province, and give the hon. member the information he wants.

In Newfoundland the total mileage of highways is 610 miles. There have been contracts of one kind or another approved for 236 miles, and the equivalent mileage completed is 139 miles. In Prince Edward Island the total mileage is 74; miles approved, 43·88; equivalent mileage completed 38·58. For Nova Scotia, as I said, contracts have been let for two bridges, and the total mileage to be completed is 310. Those two bridges are in Pictou county.

Mr. Gillis: No work has been done on the highway.

Mr. Winters: No. Then, in New Brunswick the total mileage is 388; miles approved, 45·60; equivalent mileage completed 45·60. In other words, they have completed the only part of the road for which contracts were awarded. In Ontario the total mileage is 1,412. Contracts have been approved for 374·40 miles, and the equivalent mileage completed is 309. In Manitoba the mileage is 305; miles approved, 127·40; equivalent mileage completed, 114·90. In Saskatchewan the mileage is 414; mileage approved, 292·40; equivalent mileage completed, 270. In Alberta the mileage is 292; mileage approved, 196·41; equivalent mileage completed, 196·41. In Banff and Yoho parks, which are the responsibility of the federal government, the total mileage is 83. We have approved work on 14·80 miles, and considerably more will be done this year. The equivalent mileage completed is 12·20. In British Columbia the total mileage is 692. Assuming that they will follow the route of the Big Bend, the mileage approved is 150·29; the equivalent mileage completed is 124·76.

Mr. Hansell: I wonder if we might call it six o'clock because I have several questions to ask.

At six o'clock the committee took recess.

AFTER RECESS

The committee resumed at eight o'clock.

The Chairman: Order. When the committee rose at six o'clock we were discussing item 397. Shall the item carry?

Mr. Holowach: I would appreciate learning one or two things on this item, from the minister. I am sure that many hon. members, particularly those from British Columbia and Alberta, are concerned with certain problems that have arisen in connection with the construction of the trans-Canada highway in their portions of Canada. With respect to the Big Bend route of the trans-Canada highway, can the minister give us some clarification as to what in his opinion is the proper solution of the problem created by the proposed construction of the Mica creek dam, which, I understand, will affect the area for about 126 miles from

north to south and flood a portion of the highway construction? In view of the federal government's participation in the financing of the road, as well as the concern of the people of western Canada that there be no misconstruction, or waste of public funds, can the minister tell us whether any alternative route has been suggested? Surely the people of Canada would not want to see a highway built at the bottom of a lake.

Mr. Winters: Mr. Chairman, the route designated for the trans-Canada highway is along the Big Bend of the Columbia river. That is quite a long route. It is, I think, 195 miles from Revelstoke to Golden; whereas the direct distance is only about 95 miles, some 100 miles shorter. The problem is made more complicated by the location of a very good potential dam site at a place called Mica creek, at the north end of the Big Bend which, if built, would flood out a part of the route of the trans-Canada highway. We have been engaged with the government of British Columbia in trying to find an alternative route. Only last year we explored a pass called Rogers pass, which seems to have quite good possibilities. I am not at all sure the government of British Columbia shares our optimism as to the possibilities of building the road through the Rogers pass. In any event, the matter must soon be resolved one way or the other. We have also assured the government of British Columbia that if a trans-Canada highway were built around the route of the Big Bend and was subsequently flooded out they would be completely indemnified, as we would be, by the interests responsible for the building of the dam. In the meantime, this week, I had a discussion on that point with the minister of highways and public works of British Columbia, the Hon. Mr. Gaglardi, who told me it was his intention to start work this year on that part of the Big Bend which, under present planning, would be part of the trans-Canada but which, if that route were abandoned in favour of some other, would still be a necessary road, and the investment would not be lost as a result. The part of the road he has in mind is north from Revelstoke, and I understand it is his intention to start on it this year.

Mr. Holowach: May I take this opportunity to ask another question of the minister? Has the government considered the advisability of building, in addition to the presently contemplated program of the trans-Canada highway, an additional trans-Canada highway from Winnipeg to Saskatoon, Edmonton, Edson and Jasper via the Yellowhead route to the west coast? In view of the unprecedented industrial development taking place in the central and northern part of Canada, it seems to me that such a road is very necessary. There is also the precarious position in which the north finds itself. From the standpoint of military necessity such a highway is also of primary importance. Further, has the government considered accepting the request of Premier Manning, acting on behalf of western provinces, which was made last spring, to discuss the matter of additional defence highways?

Mr. Winters: The discussion was held, Mr. Chairman, but the federal government took the view that the only commitment we have in mind at the present time relates to the building of the trans-Canada highway.

Mr. Green: The minister mentioned Rogers pass. I believe that is the pass through which the Canadian Pacific Railway ran originally. When they built the long tunnel at Glacier they abandoned the road through Rogers pass. As I remember it, there was great trouble there with snow slides, and there were some very serious accidents on the railway as a result of those slides. Have the minister's engineers reported that as a favourable route for the highway?

Mr. Winters: The report we have is just based on a walking survey.

Mr. Green: In the summertime?

Mr. Winters: Two of our engineers went through there. It is true it is a heavy snowfall area, and it is true that if the road should be built there would have to be considerable distances of snowsheds and other precautions; but even so, if it were feasible to build it through there the indications are that it would in any event be considerably cheaper than to build the extra 100 miles involved in the Big Bend highway, which in itself presents some very difficult construction problems.

Mr. Green: Could the minister have a check made of the route from Golden south and then through the mountains to the head of Kootenay lake and from there up to Arrowhead and Revelstoke? Some suggestion has been made that that would be an easier way to get across the Selkirk mountains. It might be worth while to have that route checked.

Mr. Winters: The position is of course that the designation of the route is the responsibility of the provincial government; but we would certainly be happy to examine with them any possible route through the mountains between Revelstoke and Golden.

Item agreed to.

398. To provide for surveys and construction of the trans-Canada highway through national parks, $2,000,000.

Mr. Harkness: I presume that the major portion of the $2 million which is to be voted for this year's expenditure will be on the trans-Canada highway through Banff park, with the remainder on the adjoining park in British Columbia. Can the minister tell us how many miles of the trans-Canada highway through the park are still to be completed, and not only through the Banff park but through the other parks which may lie on the route? I think there is only one.

Mr. Winters: There are still 67 miles to be completed, and this vote will be used largely for 12 miles of construction in the Yoho park. We intend to start on the west end of the Yoho park this year and work east.

Mr. Harkness: And it is the construction from Golden eastward by and large that this $2 million is intended for; is that right?

Mr. Winters: That is right.

Mr. Harkness: When is it intended to complete the trans-Canada highway, of which practically none is completed through Banff national park?

Mr. Winters: As my hon. friend knows, we have been doing a considerable amount of work from the east gate into the town of Banff and into Lake Louise. Just when we shall complete that portion of the work in Banff park, I am not prepared to say; but we intend to push on with the construction of the road in both parks, which is our sole responsibility.

Mr. Harkness: May I ask whether it is the intention to have this work completed through the national parks by the time that the agreement which I believe is to end in 1957, is it not, or in 1956—

Mr. Winters: 1956.

Mr. Harkness: —runs out with the provinces for the completion of the trans-Canada highway?

Mr. Winters: I would hope we would be able to do that. It will be a big task because construction there is difficult. There are still long distances to be built. Subject to our being able to have funds voted by parliament and to overcome physical difficulties in the way of doing it, we hope to be able to complete it on time. But I do not want to minimize the difficulties of doing it.

Mr. Small: On page 470 where details are given of item 398, we find an item of $24,300 required for increases in rates of pay. May I ask the minister for an explanation of that item? The reason why I ask for it is this. Last year there was no provision for the increase. Did these people not get an increase when the rest of the civil servants received one last year?

Mr. Winters: These people are not civil servants.

Mr. Small: Did they not get an increase last year? There is no provision made for them.

Mr. Winters: I am told that this is a matter of the form of bookkeeping; that there was an increase last year but that it is incorporated in the other figures.

Mr. Small: The reason why I asked the question was this. This increased pay is for the number of 86 employees spread over a year. If they did receive an increase last year, it was not very much. It means only about $5 a week. If they were not treated favourably last year, I do not think they have had enough.

Mr. Winters: There was a general increase last year and again this year.

Item agreed to.

Engineering branch—

399. To provide for remedial works where damages are caused by, or endanger, navigation or federal government structures and to complete protection works already under way, $500,000.

Mr. Green: Will the minister explain this item and give us examples of what projects this money is used for?

Mr. Winters: This money is spent largely on rivers where there is river bank erosion resulting from navigation or which is likely to endanger navigation or which is attributable to some government structure, such as some breakwater or wharf which sets up the kind of currents which contribute towards erosion. There are many examples along the St. Lawrence river where there is erosion resulting from the passage of ships and the wakes they throw up. We have spent a considerable amount of money on them. One good example is that at Longueuil on the south side of the St. Lawrence river east of St. Lambert, I think it is, across from Montreal. A considerable amount of money has been spent there. There are many similar examples where it has been necessary to protect the river banks.

Item agreed to.

General—

401. To provide for advance planning of projects including acquisition of sites, $500,000.

Mr. Herridge: I should like to ask a question or two on this item. It apparently is to provide for advance planning of projects including acquisition of sites, $500,000. This afternoon the chairman ruled that we could

not ask about unemployment. However, I presume it will be quite in order to talk about those who are on an enforced holiday without remuneration. I want to ask the minister this question. Is this item in the estimates with a view to the planning of projects that can utilize the services of persons who are unemployed in the future? Is that the particular purpose of this item?

Mr. Winters: No. It is not the primary purpose of the item.

Mr. Herridge: What projects are being considered? What I mean is this. Is the planning itself to cost $500,000? It must be quite extensive.

Mr. Winters: No. It is not really very extensive at all. As a matter of fact, it is a very small vote for the purpose. As I have indicated previously, we hope that in the future we shall be able to bring items to a sufficient stage of planning that, when we carry an amount in the estimates, we shall be able to get on with the work. Heretofore, in some instances votes have been put in the estimates before sites were acquired and before planning was undertaken. The result was that they had to be voted year after year and I think a good many members became tired of seeing revotes in the estimates with no construction taking place. This is a means for doing something about that matter. We propose to do some planning so that when we put an item in the estimates we shall be able to get on with the work. That is the intention behind it.

Mr. Herridge: We are all for that procedure.

Mr. Green: This vote is to be used for two purposes, apparently?

Mr. Winters: Yes.

Mr. Green: One is for planning?

Mr. Winters: Yes.

Mr. Green: For preparing plans?

Mr. Winters: Yes.

Mr. Green: And the other is for acquiring sites?

Mr. Winters: That is correct.

Mr. Green: How is the amount to be divided between those two objectives?

Mr. Winters: There is no attempt here to divide it between them. It is just to be used as required for the acquisition of sites and for some planning. We have not endeavoured to break it down. It is just a lump sum being carried for the first time. Here again we shall have to gain experience with it.

Mr. Green: Is it intended that the sum will be $500,000 each year?

Mr. Winters: I could not say that.

Mr. Green: Or are there likely to be big increases?

Mr. Winters: I will say this. It will be varied as conditions require, either upward or downward; I do not know which it will be. This is just a rough guess, a method to try to make for a little bit more orderly presentation of the estimates.

Mr. Shaw: Possibly it would be appropriate for me to express at this time the hope that part of this $500,000 may be used to acquire sites and to make plans for those five projects which I brought to the attention of the minister prior to this time, namely the five projects which were approved by parliament last May. I trust that the minister will not overlook the crying necessity for progress with respect to those projects. We trust that we shall learn soon that at least the sites have been acquired for those five projects, including the one in my own home town, and that the preparation of plans is going forward without delay. I have just returned from my home town and I may say to the minister that that is the hope expressed by all of the citizens of that community.

Item agreed to.

General—

402. To supplement, on approval of treasury board except where less than $1,000 is required, any of the appropriations of the Department of Public Works, $400,000.

Mr. Green: Why is it necessary to have this item in the estimates in view of the changes being made in the administration of the department? We have just passed a vote of half a million dollars for planning and acquiring sites. The minister has told us that all his estimates have been gone over carefully, that work is to be put on a current basis and that all the estimates he has asked for are to be used for actual construction during the current fiscal year. Yet here we have this old item of $400,000 which is evidently used to supplement any one or more of the other votes which we have already passed. That does not seem to me to be very good planning. If this department is to be run so efficiently, why does it require a lump sum of $400,000 which can be drawn against to increase any or all of the other items being voted for the department?

Mr. Winters: This is not to supplement the votes in the estimates, but to pay overages on contracts that have been awarded and cost more in some cases than the amounts voted for the particular project. It is a vote which is required for completing payments in cases where the amount of the contract exceeds the amount carried in the estimates.

Mr. Green: In other words the figures in the preceding votes are based on estimates for the work done.

Mr. Winters: For the work to be done.

Mr. Green: And this $400,000 is the difference between the estimate and the actual cost in cases in which the cost is higher than the estimate?

Mr. Winters: That is right.

Mr. Green: That is the reason for the vote?

Mr. Winters: Yes.

Item agreed to.

General—

403. To provide for balances required to complete any projects undertaken in previous fiscal years and for which no specific provision is made in the fiscal year 1954-55, $400,000.

Mr. Knowles: Here is another item, Mr. Chairman, which seems to be a vote designed to provide a margin, or what might be called leeway. I notice that in the fiscal year 1952-53 the amount voted was very largely used, and in the year 1953-54 it was estimated that the entire $400,000 would be used. Could the minister give us a few examples of the sort of cases in which this money was used during the fiscal year 1953-54?

Mr. Winters: This is to provide for items which were not in the estimates and which we thought would be finished during the preceding fiscal year but for which completion has been carried over into this fiscal year.

Mr. Knowles: If I may interrupt, is it in the nature of a revote or is it additional money?

Mr. Winters: It is more a revote than additional money. It could be additional money. We thought a project could be completed out of last year's estimates but it carried into this year and we have to get the approval of parliament by this means to pay the amount that is carried over into this fiscal year. I do not know, though, which examples would serve the point my hon. friend has in mind.

Mr. Knowles: The minister might just pick out the two largest items he sees before him.

Mr. Winters: Here is one; Fogo harbour in Newfoundland, $11,625.55. Here is another for Richelieu river in Quebec for dredging amounting to $13,543.13. There are quite a list of examples here and I could give many more. For example, in British Columbia there are a number of places under $5,000 amounting to a total of $4,422.58. These overrun into the succeeding fiscal year.

Item agreed to.

404. Statue of the late Sir Robert L. Borden, $50,000.

Mr. Knowles: Will $50,000 be the total cost of this statue?

Mr. Winters: I understand it will be the total cost of the statue.

Mr. Knowles: Has it been decided at what spot on parliament hill the statue will be located?

Mr. Winters: It is intended to locate the statue on the west side of the west block. The exact location has not been chosen but we are making soil tests to determine the exact nature of the foundation, though it will be somewhere on the lawn on the west side of the west block. That is the present intention.

Mr. Fleming: May I ask if the monument will be of the same type and general appearance as those now standing in the grounds of the parliament buildings?

Mr. Harris: Mr. Chairman, a competition has been held and as I recall it three of the principal persons who have entered designs have been asked to submit further designs with a little more, shall I say, traditional background. But the government has not laid down the type. Rather did they leave it to those sculptors who entered the competition to submit preliminary designs, and there is a committee supervising the choice of design at the moment.

Mr. Fleming: Mr. Chairman, I know that ideas may differ once we enter the realm of art and sculpture, but I should like to express the opinion here that it would be a mistake, in view of the fact that we already have a number of statues of rather uniform type around these buildings, to depart from that type. They are all bronze, full length figures on a granite base, and I believe it would be a mistake to depart from that general type of figure in any statue that may now be erected.

Mr. Harris: Without entirely agreeing that the statue will be a replica of those now on parliament hill, may I say that the committee has much the same reaction as my hon. friend and we are thinking along much the same lines.

Item agreed to.

405. Emergency shelter administration (formerly under department of resources and development), $25,000.

Mr. Fleming: Mr. Chairman, I believe this item is the first of three relating to housing, the others being items 406 and 535. I do not propose this evening, Mr. Chairman, to precipitate any general discussion on housing. There have been some sessions since the war when there have been altogether too few opportunities for the discussion of housing policy in general. But this session is not of that nature. I suppose housing has had more ample discussion at this session than in any session during the post-war period. We had an extended discussion of the new National Housing Act on second reading; we had it before the banking and commerce committee for some weeks, where it was submitted to what I believe may be called very intensive study; we had a further discussion at some length in committee of the whole when the bill was reported back to the house for third reading. For that reason, Mr. Chairman, I believe there is no occasion now for any extended debate on housing policy in general.

However, Mr. Chairman, I have a question in regard to this item in particular, which covers an amount of $25,000 for emergency shelter administration. This has been a dwindling item for some years. The amount appropriated last year, I see, was $35,000, but if we have regard to the details on page 473 we will find that in the previous fiscal year expenditure reached a total of $454, and that in the fiscal year just closed there had not been any money spent at all up to December 31. The estimate of the amount required for the remaining three months of the fiscal year was also nil. Therefore I am led to ask why there should be anything in the estimates under this item this year. What need can now remain?

Mr. Winters: The need remains, Mr. Chairman, to keep these properties we still have in good shape and fit as living accommodation. This is not an item on which the taxpayers are required to carry any burden. The operation carries itself, but it is necessary to come to parliament to get a vote each year for the necessary expenditures on capital additions or changes to the accommodation. That is something one cannot predict accurately. We thought $25,000 little enough, but whether that will be spent I do not know. If it requires to be spent in order to keep the accommodation in shape then we shall have to have it.

Mr. Fleming: Mr. Chairman, I believe we are all aware of the relationship of which the minister speaks between appropriations under this item and net cost to the public treasury, but he will have to make out a better case for an appropriation under this item than he has yet made out. Will he tell us exactly how much was spent on this item in the fiscal year ended March 31?

Mr. Winters: We spent no money this year on them, but under the terms of agreement for these projects Central Mortgage and Housing Corporation has a contingent liability to restore the sites in the event that the projects are vacated. They have been gradually abandoning these areas and in those cases it has been necessary to restore the sites. It is entirely possible there may be some site restoration this year, and in that event this money will be required.

Mr. Fleming: I do not think that is a very satisfactory or convincing case. Not a cent of money was required last year, not a copper! There was $35,000 appropriated by parliament for the purpose indicated by the minister and not one cent was required. Now we are asked to provide $25,000 for a purpose which did not require a cent of expenditure last year. Surely the minister is not seriously going to ask the house to appropriate $25,000 when not a copper was required. This is an item that has been dwindling year by year. The need has shrunk rather than increased, and I suggest there is no reason to expect that anything more is going to be required during this new fiscal year than was actually required during the fiscal year just closed. I suggest to the minister that if he is thinking of some unforeseeable needs he would be well provided if he had $5,000 in his estimates for that purpose. I suggest that to him seriously.

Mr. Winters: I am pleased to have that serious suggestion, but we have projects at Edmonton, Regina, Brantford, Saint John, Sydney, Halifax and Long Branch, and I do not think it would be entirely prudent, with all these tenants, to assume, for example, that just because a water main did not break last year one will not break this year. I am very glad to have the serious suggestion of the hon. member for Eglinton, but I would not want to take the responsibility of having something happen this year that we could not cope with for lack of this amount of money which I am sure my hon. friend will agree is quite a modest sum in relation to the projects we have to handle.

Mr. White (Middlesex East): I was just about to ask the minister where these emergency shelters were located, but he has answered that. How many people are now housed in emergency shelters across Canada?

Mr. Winters: Approximately 1,000 people.

Item agreed to.

406. To provide for the expenses incurred by Central Mortgage and Housing Corporation in constructing and supervising construction of married quarters, schools and related services on behalf of the Department of National Defence (formerly under department of resources and development), $700,000.

Mr. Knowles: May I ask the minister if he can tell us how much of the money spent last year under this item was spent on schools? I have in mind the schools that are constructed where extra facilities are needed because of the concentration of defence personnel.

Mr. Winters: I would estimate that there has been about $100,000. Schools are about 15 per cent of the total program that Central Mortgage has been supervising, and on that basis there has been about $105,000 spent under this vote on schools.

Mr. Knowles: Does the minister anticipate that about the same percentage of this year's vote will be spent in that way?

Mr. Winters: I would think so, about the same percentage.

Mr. Knowles: Can the minister tell us where this money will be spent this year, or in what cities or communities these schools will be located?

Mr. Winters: There will be schools at Tufts Cove, Cornwallis, and Shearwater, all in Nova Scotia, at Chatham in New Brunswick, Portage in Manitoba, and Penhold, Wainwright, and Suffield in Alberta.

Mr. Knowles: I thank the minister for giving that list. As he knows, last year or the year before a fairly substantial sum out of this vote came to Winnipeg to assist in the building of a school near Fort Osborne barracks. The amount was a help to us, and I can say that in Winnipeg we appreciate this form of federal aid to education. May there be more.

Mr. Churchill: Is Central Mortgage and Housing Corporation responsible for all married quarters, schools, etc., required by the Department of National Defence, or just for those areas for which the department asks assistance?

Mr. Winters: Central Mortgage and Housing Corporation is responsible for the entire program of married quarters for the armed services. The quarters are built with funds voted through the Department of National Defence for that purpose, and Central Mortgage is responsible for their construction.

Mr. Fleming: An interesting question arises from an examination of the details of this item on page 473. The book of estimates indicates that the amount appropriated last year for this purpose was $700,000, the same amount that the minister is asking us to vote now. On the other hand, the details indicate that the expenditure in the fiscal year just closed exceeded or is likely to exceed $900,000. Was there a supplementary estimate and, if so, how much?

Mr. Winters: There was a supplementary estimate and, speaking from memory, it was $450,000.

Mr. Fleming: That would make a total of appropriations last year on this item of $1,150,000, which compares with an expenditure in the fiscal year 1952-53 of $1,025,000, in round figures. What was the amount actually expended under this item in the fiscal year just closed?

Mr. Winters: I am told that the actual expenditure is very close to the estimate shown here of $902,000.

Mr. Fleming: Then I take it that some curtailment of the program is contemplated in this new fiscal year, for $700,000 is now being sought.

Mr. Winters: This is another matter of budgeting. This is the amount that treasury board thought should be put in the estimates, but I feel that we will again need to request a supplementary amount.

Mr. Fleming: That leads me to ask about the program of construction that is planned for this year and how it compares with the program that was actually carried out last year.

Mr. Winters: The program for this year given to us by the Department of National Defence, as I have it before me now, includes 1,906 units broken down as follows: R.C.A.F., 556; army, 1,318; navy, 18; and defence research board, 14. But I understand the army is now contemplating a further amount of housing which will be in the order of 1,000 additional units.

Mr. Fleming: Where?

Mr. Winters: I do not believe they have broken their program down in detail, at least they have not detailed it to Central Mortgage and Housing Corporation.

Mr. Fleming: Has the minister before him, for this year's program, information indicating where those quarters are to be constructed?

Mr. Winters: The quarters are to be located in quite a long list of centres, including Tufts Cove—

Mr. Fleming: Perhaps for the sake of saving time the information could go on the record, that is, if the minister does not wish to take the time to read it?

Mr. Winters: I shall have to revise this list I have in my hand, if I do that. Perhaps it would be quicker to read it. There is Tufts Cove; Chatham for radio; Shearwater—

Mr. Fleming: Has the minister the amounts in each case?

Mr. Winters: I have not a complete list of units. The rest of the list is: Mount Uniacke, Chatham station, Valcartier, St. Hubert, Barriefield, Hagersville, Camp Borden— both for the army and the air force; there are two groups at Camp Borden; Petawawa, London, Clinton, Winnipeg, Dundurn, Wainwright, Edmonton, Calgary, Claresholm, Moose Jaw, Penhold, Suffield, Portage, Chilliwack and Rocky Point.

Mr. Fleming: Do I understand the minister has not the amount in each case?

Mr. Winters: Not in each case, no.

Mr. Fleming: Is any program for the construction of schools included this year?

Mr. Winters: Well, I mentioned the points—

Mr. Fleming: I understood the minister referred to the construction of schools in last year's program. I am asking now about this year's program.

Mr. Winters: I was speaking of this year's program.

Mr. Fleming: Oh, thank you. Then, could the minister indicate the current cost of school construction according to the estimates before him, broken down, let us say, by rooms? We approached the problem that way when reviewing the operations of Central Mortgage and Housing Corporation on behalf of Defence Construction Limited last year.

Mr. Winters: About $25,000 a room.

Mr. Tustin: I do not know whether the minister gave the information, but if he did I did not hear him. Was there a housing project in the list for Picton, Ontario?

Mr. Winters: No, there is nothing listed for Picton, Ontario.

Mr. Churchill: There is a note in the details on this item that says it is to provide for expenses incurred by Central Mortgage and Housing Corporation in constructing and supervising construction, etc. Is it not solely for supervising construction?

Mr. Winters: Yes.

Mr. Churchill: This does not cover any portion of the capital costs?

Mr. Winters: That is correct; this is not a portion of the capital cost, it is the supervisory cost.

Mr. Fleming: I have just been handed a copy of the further supplementary estimates that the house voted in the last week of March, 1954. The provision in the further supplementary estimates for this purpose was not $450,000, as mentioned by the minister, but $130,000. Is there some further item besides this?

Mr. Winters: I am told those are the further supplementary estimates. There was another item in the supplementary estimates.

Mr. Fleming: Is $450,000 the total of both?

Mr. Winters: That is my recollection.

Mr. Churchill: Do the activities of Central Mortgage and Housing Corporation in connection with these projects for national defence extend beyond the borders of Canada?

Mr. Winters: No, purely domestic.

Item agreed to.

Central Mortgage and Housing Corporation—

535. To provide for advances to Central Mortgage and Housing Corporation for the purposes of subsection one of section 45 of the National Housing Act in respect of housing projects for veterans, for the acquisition of land for housing projects, and for housing projects at Gander, Newfoundland, for sale or rental, $1,124,000.

Mr. Fleming: I wonder if we could have a statement from the minister on this item? It is true it has been substantially reduced from last year, but it is an item on which there is no detail in the book of estimates. I would ask the minister for an explanatory statement.

Mr. Winters: This item, Mr. Chairman, provides for the construction, conversion and improvement of housing projects for veterans; for the financing of the construction of housing projects at Gander, Newfoundland, and for the purchase of land at Fredericton, New Brunswick. A summary of the 1954-55 program is (1) a carryover from March 31, 1954; (a) completion of veterans' rental project at Fraserview, Vancouver, B.C. and other sites, $200,000; (b) permanent improvement of war workers houses, Vancouver and other sites, $344,000; (c) completion of houses at Gander, Newfoundland, $250,000, making a total carryover of $794,000.

As to new construction for 1954-55, there is (a) sewer and water services for the Gander town site, Newfoundland, $30,000; (b) purchase of land at Fredericton, New Brunswick, for a housing project, $300,000; that makes a

total of $330,000 for the new program or an over-all total of $1,124,000. As to Fredericton, I might say that the decision has been made not to locate the living accommodation for the troops of Gagetown camp in Fredericton, so that amount of $300,000 will not be required for that purpose. This decision was taken after these estimates were compiled.

Mr. Fleming: Does that mean the sum of $330,000 should be subtracted from this item? We should not be asked to vote it if the proposal has been abandoned.

Mr. Winters: We have actually spent about $40,000 of it. Central Mortgage did acquire a small amount of land and did some work on the project; the rest of the vote will not be required.

Mr. Fleming: I presume we can eliminate it now, and that we will not be asked to vote money that will not be required. Perhaps the minister could indicate how much he would require for any commitments, and we could reduce the vote by the balance.

Mr. Winters: I have no objection to the reduction of this vote by a quarter of a million dollars.

Mr. Harris: I move that the item be reduced by $250,000, Mr. Chairman.

Motion agreed to.

Mr. Fleming: May I ask the minister now if he would indicate how many housing units are involved in the appropriation of $794,000 of a carryover, and in the second place how many units are involved in the project at Gander?

Mr. Winters: Mr. Chairman, it would be difficult to say how many units are involved in the carryover; that is just a clean-up vote for a large number of projects across Canada of which the largest is the Fraserview project, which has some 1,200 odd units in it.

Mr. Fleming: That is the complete project?

Mr. Winters: Yes. I understand from the Department of National Defence that their plans, initially at any rate, are to build 1,400 units for the Gagetown camp site.

Mr. Fleming: The minister, I am afraid, has not answered my question. I should like some means of testing the value that the country is to receive from this expenditure of $794,000, the carryover of the various projects mentioned by the minister. I should also like the number of units in the project at Gander. I think he must be in a position to give us more information about the number of units that are to be constructed under the provisions for the carryover, and surely he must be in a position to tell us how many units are involved in the project at Gander.

[Mr. Winters.]

Mr. Winters: Mr. Chairman, the first vote, for the completion of the veterans rental project at Fraserview, is to pay the contractor for the completion of the project. Then, in connection with the improvement of war workers houses—there are 344 housing units required to be improved permanently at the rate of $1,000 per unit. Then, with regard to Gander: there are 100 housing units there.

Mr. Fleming: What is to be the cost of the hundred?

Mr. Winters: The total cost is approximately $1,200,000.

Mr. Fleming: About $12,000 per unit at Gander?

Mr. Winters: Yes.

Mr. Fleming: What is the total cost per unit at Fraserview, on an average?

Mr. Winters: I have not that figure.

Mr. Winch: I understand there are 1,200 units in the Fraserview project?

Mr. Winters: Yes.

Mr. Winch: Is the department putting in a central hall for community purposes? If not, is there any truth in the statement that the offices there, on the project, will be given to an association at that point free of charge?

Mr. Winters: The temporary offices of Central Mortgage and Housing Corporation have been built on land owned by the parks board with the understanding that when the offices are no longer required they will be turned over to the parks board on some arrangement still to be negotiated.

Mr. Winch: There is no plan whereby, in a project such as Fraserview with 1,200 units, the department also makes provision for a community centre?

Mr. Winters: No.

Mr. Winch: Would the department take that into consideration, in a project of this nature involving 1,200 families? That would mean a large influx in a brand new area. Who accepts responsibility for community centres?

Mr. Winters: I would think there would be some responsibility on the tenants themselves to do something to provide for their own recreation. The experience in Central Mortgage in connection with war workers houses by way of providing community centres has not always been the kind of experience that would lead them to go into a community centre on this project.

I know my hon. friend could make out a good case for it. But the fact of the matter

is that in this particular project, which I believe is the biggest in Canada of its kind, there is no intention now of building a community centre.

Mr. MacInnis: Perhaps this matter should have been attended to when the land was being bought and laid out for a residential area. I do not know whether the minister has seen the project—

Mr. Winters: Yes, several times.

Mr. MacInnis: —but, when it started, part of it was in my constituency. I remember there were a number of headaches getting things straightened out; but I believe finally they were straightened out. Some attempt should be made to assist these people in acquiring land nearby, if it is available, for community centres. We have gone into that sort of thing in Vancouver in most residential areas. This is a large and compact one and, as it is new, the quality of the residences is fairly good. But more than that, the population consists almost entirely of young married couples with families. To have no community centre for recreation is a condition that should be remedied now, if it can be.

Mr. Winch: I imagine I might as well speak out plainly now, instead of approaching the matter indirectly. So I shall ask my question in a direct fashion: Let me point out, first, that this project is in part of my old provincial riding. One of the leading Liberals in the area, if not the leading one, who was also at one time a candidate, who lives there and is also a member of the community association, has said that the federal government is going to turn over to the community association free of charge the buildings now occupied by Central Mortgage and Housing Corporation. Is that information correct or incorrect?

Mr. Winters: One of the difficulties is that Central Mortgage does not even own the land on which the buildings are erected. However, as I said, we have an arrangement under which we will work out something with the parks board, when Central Mortgage no longer needs office space.

Mr. Winch: It will be worked out with the parks board, with the community association or with the ex-Liberal-candidate?

Mr. Winters: It will be the parks board.

Mr. Winch: And the community association as such?

Mr. Winters: The parks board is the only body with which we have undertaken to do anything.

Mr. Winch: The point I wish to have cleared up is this, that the defeated candidate, either provincial or federal, is not the representative of the riding, so far as you are concerned?

Mr. Winters: Are you saying that, or asking?

Mr. Winch: I am asking.

Mr. Fleming: I was interested in one remark the minister made when he pointed out that an average of $1,000 per unit is being asked for 344 housing units. Where are they located and how long ago were they constructed? How does it happen that these extensive repairs are required, averaging $1,000 per unit?

Mr. Winters: These are old wartime war workers houses. They had no basements or foundations, and this is an attempt to improve them by putting permanent foundations under them. I am sure my hon. friend has seen this going on all across the country. It is a quite expensive undertaking, but it does improve the houses substantially. It requires new foundations and often new sills. Quite often dry rot has set in. It is the old vintage of wartime housing.

Mr. Fleming: Then it is a great deal more than repairs?

Mr. Winters: I said it amounted to permanent improvements to war workers houses.

Mr. Fleming: I was referring to the minister's last remark when he mentioned 344 units at $1,000 each, and I understood used the word "repair".

Mr. Winters: If I used that word, I used it incorrectly, but I do not recall that I used it.

Mr. Fleming: I understand then that it is really the reconstruction of units that were constructed without cellars.

Mr. Winters: It is what I said—permanent improvements.

Mr. Fleming: I ask as to the kind of contracts under which new units are being constructed at Gander and elsewhere. What type of contract is being used by Central Mortgage?

Mr. Winters: They are all firm bid contracts.

Mr. Fleming: Firm price? No cost-plus involved here, at all?

Mr. Winters: No, in each instance it is a firm price contract.

Mr. Fleming: Were tenders called in every case?

Mr. Winters: Yes.

Mr. Starr: The minister said that it would cost an average of $1,000 per unit for permanent foundations. It seems to me that with respect to the original wartime housing, where houses were being put up for sale, the allowance made was $600 per unit for the same type of work. Why is the estimate $1,000 per unit now?

Mr. Winters: It depends on the vintage of the houses and the degree of repairs they need when foundations are put under them. I am told that at one time Central Mortgage and Housing made such allowance up to $700, but the amount indicated is an estimate of likely present-day costs.

Item agreed to.

DEPARTMENT OF NORTHERN AFFAIRS AND NATIONAL RESOURCES

302. Departmental administration, $455,547.

The Chairman: Hon. members will find the vote at page 44 of the blue book and the details at page 373.

Mr. Hodgson: I should like the minister to make a statement on this department. He is a new minister and his estimates are coming up for the first time. I should like to hear from him for a minute or two.

Hon. Jean Lesage (Minister of Northern Affairs and National Resources): Hon. members will note that the amounts shown in the 1953-54 column of the blue book are the amounts provided by parliament in that year for works and services for which the Department of Northern Affairs and National Resources continues to be responsible.

The total shown is $21,647,650, of which $325,731 covers appropriations which will not be required in 1954-55. The remaining $21,321,919 may be compared directly with our requirements for 1954-55, which total $22,031,026, or an over-all increase of $709,107, or about 3·4 per cent.

This increase is the net result of a number of increases and decreases. The major decreases are a reduction of $500,000 in the estimated requirements for the spruce budworm program in New Brunswick and a reduction of $550,000 in the provision for the eastern Rockies board capital expenditure program which is now coming to a close.

These decreases are offset by an increase of some $440,000 in the national parks operations vote, and some $587,000 in the national parks construction vote. Further increases of a more minor nature will be noted in various votes, and I will be glad to explain these when the particular votes are reviewed.

[Mr. Winters.]

Mr. Nesbitt: On this opening item of the Department of Northern Affairs and National Resources there is a matter that I should like to call to the attention of the minister. It has to do with the subject of an island in lake Erie, Ontario. This island is a very interesting place indeed from many points of view. It is approximately 14 miles long and varies in width from approximately 1 mile to 3 miles and averages approximately 1½ miles in width. There are more than 17,000 acres of land on this island. It juts out from the Canadian shore of lake Erie and stretches out toward the middle of lake Erie almost to the international boundary line. The start of the island, which, owing to the filling in of the marshes, makes it in reality a sort of peninsula rather than an island, forms a long bay about 18 miles wide at the mouth and diminishes to only a few hundred yards in width at the narrow end. This particular island to which I refer would probably make a wonderful site for a national park for various reasons, which are as follows:

First of all, this large island is located within 150 miles of probably the most thickly populated part of the Dominion of Canada. It is in southwestern Ontario and is part of the county of Norfolk. If this island were made a national park it would then be available as a playground and a place which could be visited not only by our own people there but by tourists from the United States as well, and we all know that tourist trade from the United States is very valuable indeed. In addition, this island is a veritable paradise for wildlife. I understand there are more snakes on the island per square foot than anywhere else in the world, but none of the snakes are poisonous. There is one particular variety there which I believe is found nowhere else in North America. It is called the "wamper", a large water snake, from six to eight feet long. It is harmless, although it might cause nervous shock or something of that kind if arrived upon unexpectedly.

There are also eagles on this island, and in the waters adjoining the island there is probably the best small-mouth bass fishing in North America. There may be other places which are as good. I say that in deference to other hon. members, but I do not think that any other place is better. In addition to that, this particular island is also one of the very finest duck-shooting places in North America. The reason for that is the large bay that is formed by this island and the mainland of Ontario and the rest of lake Erie. Because of the fact that this island is nothing more or less than a gigantic sandbar, there are a lot of shallow inlets and bays and small islands

adjoining the inshore side of this long island or small peninsula. In these little bays the waters are not more than a few inches to a few feet deep, and there are large quantities of wild rice which attract a great many game birds in the fall, wild ducks, geese and so on. The island also has a very large stand of virgin timber, which is a rarity in that part of Canada. And, particularly, some of the hardwoods grow to a great size, which is also unique. Unfortunately the present owners of the island are cutting down this timber and selling it.

Hon. members may very well ask why these things exist, and I shall come to that in a moment. The island also has great historic value. It stretches right out in lake Erie and has often been called the Sable island of the great lakes. More ships have been wrecked around this island than anywhere else in all the great lakes put together. As I have already pointed out, the whole island for that matter is a shifting sandbar. Right off the end of the island is a very deep hole, I believe the deepest spot in lake Erie, which, compared with the other lakes, is not very deep, not more than 200 feet deep. The end of the island has been shifting with the winds and currents and as a result during the last century and indeed in this century there have been a great many wrecks.

For those who were able to land on the island without being chased off by the gamekeeper it has often been a source of great interest to see the wreckage of some of these old ships poking up through the sand. Many books have been written about this place. Possibly a number of hon. members have read some of them. It is also of interest that in the war of 1812 when General Brock set out from Port Dover in some small boats, to capture Detroit—which he did quite successfully—the party rowed around this island, landed at one point on it and camped there all night.

There are many other points of interest. At the present time the eastern tip of the island is still retained, I believe, by the federal government and a large lighthouse station is maintained there, whose light guides vessels safely through lake Erie and away from the highly dangerous end of this island. For those who are unfamiliar with this particular piece of land may I say this. When there is still all this wildlife on this island and it is still in the virgin state, there may be many who are wondering why people are not allowed to go on it. The reason is extremely interesting indeed. In the year 1866, which even for Ontario is a relatively long while ago—I would remind hon. members it was before confederation—a special act of incorporation was passed by the legislature of Upper Canada. This act incorporated a company called the Long Point Company. The original directors were to be John Brown, George Hamilton Gillespie, Thomas Cockburn Kerr, William Little, David Tisdale, Lauchlin McCallum and Samuel DeVoe Woodruff. It is rather interesting to note that these gentlemen I have just mentioned were all Canadians and that they all came from different parts of what is now the province of Ontario. One came from Hamilton, one came from St. Catharines, another from London, another from Simcoe and so on. It is also interesting to note that two months before this act of incorporation was passed, these same gentlemen had purchased from the crown virtually all the lands which make up this island of Long Point. Some small parts of those lands were acquired later by the company, but most of the lands were acquired by these same gentlemen from the crown at that time. Hon. members may be able to draw their own conclusions—that is the only thing they can do since all these people are, of course, long dead and gone—as to why they came from different parts of Ontario when they acquired these lands from the crown. In due course these same gentlemen, being the directors at the time of the incorporation of the company, sold this whole island to the company.

It is interesting to note what the objects and purposes of this company were. Paragraph 3 of the act of incorporation reads as follows:

> The company may carry on the business of pursuing, protecting and granting licences to take game, muskrats, mink, otter, beaver, and fish, upon the said lands and property or in the water covering the same; and generally the doing of such other acts or things with the said land or with any mineral substance or thing, grown, or to be grown, found or being in or upon the same, as may promote the interests of the company,—

Then they very nicely put in this qualification:

> —and not being contrary to the laws of this province, or the terms of the patent from the crown.

Then one of the most interesting items of all is paragraph 4 of this act of incorporation which reads as follows:

> The capital stock of the company shall be the sum of fifty thousand dollars, divided into one hundred shares of five hundred dollars each, . . .

Then it goes on to say that this amount may be increased from time to time. It is interesting to notice that the purchase price paid for all this land by the new company to these

same gentlemen who had originally purchased it from the crown was one hundred shares of the company. For those of you who are familiar with the rudiments of corporation law, the implication is obvious. For those who are not, let me say this. The fact remains that while the shares in the company were to be one hundred shares of five hundred dollars each, the land given in exchange for these shares was fully paid up. In other words, the land was virtually turned over in exchange for these shares. On the face of it there seems to be nothing particularly wrong with any of this procedure. But let us go into the history of this company and this island a little bit further.

It has been a well-known fact—and to everyone in that part of the country it is common knowledge—that the in fact owners of the company have ever since that date been a number of extremely wealthy men from New York city and the surrounding areas. Occasionally there has been a Canadian member. At the present time I believe there are two and possibly three Canadian members of this club. The rest of them are all citizens of the United States. The late J. P. Morgan, of considerable financial fame, was one of the owners, or was one of the members and shareholders of this company. Many other men with prominent names in American business and financial history have been owners and members of this club. I do not wish to take up the time of the committee to go into this matter at any great length, but the information is easily available.

As I understand it this club—and I say this in order to be fair—has kept up the objects and purposes that were set out in the original charter. They have been scrupulously careful about the taking of game. It is my understanding that the members of this club go to the club only during the duck-shooting season in the fall and that they take only a few ducks, something which is extremely admirable indeed. I understand that they seldom if ever attended the place during the bass-fishing season. I may say that there have been some extremely noted visitors to the club. His Majesty King Edward VIII, while Prince of Wales, was a guest at the club, and I understand he did some shooting there at the time of his visit. Of course that was quite a number of years ago.

To get back to the original suggestion, I feel that this island should become a national park and the property of all the people of Canada, not only for the use of our citizens but as a wonderful attraction for tourists as well. It is quite true that the Long Point Company and its shooting and game club have done a very good job of preserving the wildlife there; and I think they should be commended for what they have done. While it is true that it may not have been all a matter of altruism, because by keeping everybody else off the island they actually protected the game and fish there for themselves, the fact remains that, no matter what was their reason for doing it, this is a wonderful preserve of wildlife and it is one of the few places of its kind anywhere in the settled or populated parts of Canada.

In addition to the Long Point club itself there is one other club known as the Rice Bay club which is situate in the water area near the shore. This club is set up on stilts on the water and is not actually attached to the land. I understand that they always manage to get along very well with the Long Point Company and the residents of this club have never been asked to leave. I would think it would be quite possible, if these lands were obtained for the public benefit, that there would be no necessity to disturb the people who have had possession and who have enjoyed certain rights there but that they could be left alone. However, I am quite sure that the members of the Long Point Company do not need an island nearly fourteen miles long and a mile and a half wide purely for their own purposes. There should be a good road through the island so that the public can come in, as they do in other natural parks, and see nature as it is under unique circumstances.

There is one other thing of interest about this island and that is what I may call the bay side, which is very swampy and full of wildlife such as snakes and so on, and which would be ideal for setting up any type of reserve. The southern or lakeside shore of the island has one of the most beautiful natural beaches in Canada with very fine, hard, white sand stretching for miles and would be suitable for holidayers. Now the far end of the island, that is the end closest to the mainland, which was never acquired by this company, is at the present time leased by the province of Ontario to cottagers on a 99-year lease basis with certain restrictions on the type of cottages that can be put up there. There are many hundreds of cottages, though in fact only a few have the advantage of a lakefront site. Most of them are in plots of sand toward the middle of the island. These cottagers come largely from places such as London, Woodstock, Tillsonburg, Brantford, Simcoe, Toronto, Hamilton and many other places, as well as from the United States. I know that a great many people from my own riding have summer cottages there and a great many people also have small cabins which they use on fishing and shooting expeditions. At the opening of the bass season

anywhere within three miles of this particular island there are not dozens but hundreds of boats out fishing. For those who have been there it is indeed a unique spot. I could go on, Mr. Chairman, but I do not think it is necessary to discuss this matter at any further length. I think the main idea has been put across to the minister.

However, I understand that there are other islands and areas in Ontario which could be turned into national parks. The minister was kind enough to give me this information, since I did not have time to look it up myself, but I understand that one of these areas is Pelee island, which is at the opposite end of lake Erie near the city of Windsor. I think it would be a rather suitable thing if some arrangement could be made with the Ontario government so that this island, Long Point, can also be acquired as a national park, as well as Pelee island.

I would like to wind up these remarks by emphasizing that such natural assets showing Canadian wildlife as it is in that part of Ontario, and which have remained unspoiled, should become the property of everyone in Canada and should not remain the property of a few very wealthy people from the United States.

Mr. Lesage: Mr. Chairman, I simply wish to say a word as to the policy of the government as regards the setting up of national parks. As hon. members are aware, the first prerequisite is that the land for a park be offered by a provincial government to us free of all encumbrances, and it is only after such an offer has been made that the various factors which have to be taken into account before we can come to a decision are in fact considered.

Mr. Herridge: Mr. Chairman, I wish to make a few brief observations on the first item in these estimates, but before proceeding to do so I must say that I listened with a great deal of interest to the speech of the hon. member who has just resumed his seat. His speech was most interesting and informative.

This is a department which during recent years has frequently changed its name and certain branches have been rearranged from time to time. It is, in my opinion, a very important department indeed and one of those departments which offer tremendous opportunity and scope for a minister with talent and imagination, and also a great opportunity for action in regard to the natural resources of this country. I might say, Mr. Chairman, that we are indeed fortunate in having a young minister in charge of this department face to face with some very ancient problems. I hope the combination of the two will distil a very satisfactory result.

I have read the entire report issued by this department because it always makes interesting reading. I think the officials who compiled this report are to be congratulated on issuing a most interesting document. I am, of course, referring to the report tabled on March 31, 1953, while it was still the department of resources and development. I found the report interesting, comprehensive and excellent in every way.

I wish to make again the suggestion I have made on previous occasions when dealing with these estimates, that in my opinion the estimates of this department should be referred to the committee on mines, forests and waters. That committee has not met for quite a number of years and this is a committee that could do a good deal of useful work. I am not suggesting that the estimates should be submitted solely for examination, to ascertain how the money should be spent. I think the estimates should be submitted to the committee so that the committee will have an opportunity to hear from various excellent technical personnel in this department in regard to the amount of work they are doing. There are quite a number of men in this department doing very useful work of which very few Canadians, and indeed I believe a small percentage of the members of this house, are aware, and I think the referring of these estimates to that committee would be well worth while and provide members of this house with an opportunity to learn about the work being done by this very important department.

That is all I am going to say about the estimates at this time. But I do want to say a few words—I see the minister looking at me and I am quite sure he knows what I am about to say—in regard to the recent resources conference held in Ottawa, the first I might say since 1906. This conference was sponsored by the Canadian Forestry Association, the Agricultural Institute of Canada, the Canadian Forestry Institute, the Canadian Institute of Engineers and the Canadian Chamber of Commerce. I am sure the minister will agree that it was an excellent conference, at which I spent a most enjoyable two days. I must say I listened with a great deal of interest to the minister's welcoming speech. It was a very interesting speech and indeed a capable speech which was received very favourably by the delegates present. I hope that as a result of the work of the conference and their findings the minister when he next addresses an

organization of that type, or even in addressing this house, will commit the government to some definite action along the lines suggested by the conference.

Two days were spent dealing with the important question of renewable natural resources. There was an excellent discussion on our forest resources and another on soil and water resources, and yet another on wildlife and recreational facilities. Papers were read and discussions were held by people who knew what they were talking about, and some of the most prominent people in Canada working in these spheres made some excellent speeches which were well worth listening to, while the discussion on their papers was interesting indeed.

As the result of these two days of papers, addresses and discussions, the conference summarized its opinions. It did not pass a formal resolution but more or less by general agreement summarized the findings of the conference. I think it is quite fair to say that the opinion was generally expressed that there should be a national policy in the development of our natural resources devised as the result of dominion-provincial co-operation. That question was mentioned again and again in the papers and discussions that followed.

It was also suggested by several speakers that a royal commission should be established to study the whole question of conservation of natural resources in Canada, to gather evidence, hear opinions, and make recommendations and prepare a report. I was also very interested to notice that repeatedly, whether the speaker came from British Columbia, the prairies, central Canada or the maritimes, the opinion was expressed that we must have a national approach to this problem and that there should be greater contributions from the federal government towards a general overall national conservation policy in Canada.

These were not the opinions of people who had not given consideration to the subject. These were the opinions of people who have lived with these various questions, forest resources, soil and water conservation, wildlife and recreational problems, for many years, and that was a summary of their opinions. I hope that as the result of that conference and its findings, as the result of the meeting together of minds of people prominent in these fields from the Atlantic to the Pacific, the government will give some consideration to the findings of the conference. I trust that the immediate result will be an increase in the estimates of this department next year in order to assist the provinces with respect to forest protection, soil and water conservation, conservation of wildlife and recreational resources.

I do not know whether the minister has received any formal representations from the conference but I would certainly like the minister to give consideration to the opinions expressed there and to inform the house if the government is being moved in the direction of calling a dominion-provincial conference to establish a national policy on conservation as the result of consultation and co-operation.

Mr. Lesage: I have received a letter from my good friend, Mr. Van Camp, but I have not yet received the resolutions adopted at that conference. My hon. friend may rest assured that the officers of my department and I will give these resolutions all the consideration that they certainly deserve.

Mr. Shaw: Assuming that we will not conclude consideration of the national parks branch tonight, possibly what I am about to say might be taken as notice by the minister because I am sure that he and his officials will want the opportunity to secure the information which I require. The minister may or may not recall that last December, when we were considering amendments respecting the operation and maintenance of parks, I asked a question to this effect. I wanted to know what rights go with leases when leases are granted in park areas or in areas under the jurisdiction of the parks branch. After I had said that I had certain information with respect to a bad situation in connection with Banff national park, the minister asked me to submit the information to him. I thanked him and said I would, but I must say that it has taken me until this time to get all the information I wanted.

Last week I was asked to meet two different organizations for the purpose of discussing this matter. The area I have in mind is just outside Banff national park and is known as the Ya-Ha-Tinda area. It covers eighteen square miles and consists of portions of township 32, ranges 11 and 12, west of the fifth meridian. According to an order in council passed on the 14th of March, 1950, which I have before me, this area was set apart for the use of the dominion parks branch for grazing purposes. I have heard that a ranch is now established in that area.

But, Mr. Chairman, these are the complaints. Is this still a park area? It is under the jurisdiction of the parks branch, but is it still a park area? If so, do the rules and regulations governing parks apply here? This is what we find. In this area of eighteen square miles some persons are permitted to hunt big game and some are denied the right. Rangers have stopped certain persons

from going in there but when these hunters have challenged the jurisdiction of the ranger no action has been taken.

On the gate leading into the property is a no trespassing sign. Apparently the no trespassing sign applies to some people but does not apply to others because certain persons have been refused entry to this eighteen square mile area while others have been permitted to enter. I do not mind telling the minister that the meetings I had last week were with two branches of the fish and game association. These hunters have gone in there and have seen hunting going on. They have seen game shot and taken out of the area and yet they themselves have been excluded from this eighteen square mile area and have been threatened with prosecution if they enter.

These people say to me that if this area is to be a game preserve, as are the park sections, that is fine, they have no complaint; but if it is to be an area in which some people are allowed to hunt, then all should be allowed to hunt there. They tell me that recently a part of the area has been plowed up and they think that is strange. They say it is a mistake. Part of the area is very similar to the prairies and has a type of grass known as prairie wool. If that is removed it will be an absolute disaster.

In this eighteen square mile area there is some of the finest scenery that you would want to see, and yet according to the sign on the gate and according to the orders given by the rangers it is closed entirely to the public. They think there is something strange about all this. This has been the experience for a number of years now and these men would like to get true information with respect to the situation. If the area is closed, if the public are completely excluded, they want to know it. If those in authority have the right to put up a no trespassing sign on the gate then these people would like to know it. A very good road leads right up to the gate where the no trespassing sign is posted. Cars can move right up to that point. Within a matter of three miles inside a most beautiful waterfall can be seen. Yet, as I say, these people are ordered out of there and are warned what will happen if they go in. On the other hand, others go in there and camp. I was asked if I would look into the matter. I may say that I have just returned today and I had hoped to be able to get the facts together a little better. I trust that this matter can be straightened out so that I can advise these people as to the true situation that exists in that eighteen square mile area.

Mr. Lesage: May I ask one question for clarification? Would the hon. member say who has been doing the warning he is talking about?

Mr. Shaw: The rangers.

Mr. Lesage: The park employees?

Mr. Shaw: Yes; they must be park rangers because these men told me it was a federal park ranger. Under the order in council, Mr. Chairman, it says:

> Whereas the Minister of the Interior reports that it is proposed to withdraw certain lands including Ya-Ha-Tinda area from the Rocky Mountains park, Alberta, and that the said area is now used and will continue to be required by the dominion parks branch for winter grazing:
>
> Therefore, His Excellency the Governor General in Council . . .

As you will note, it was set aside out of the region by the parks branch, presumably for winter grazing. Then down below it states:

> . . . also withdrawn from disposal under the said act and set apart for the use of the dominion parks branch for grazing purposes.

These men tell me it is a federal forest ranger who is in there and who orders them off the place. Incidentally, he misses an island, apart from the park proper, but there is provincial land all around him. Here is the order in council. I have seen recent correspondence between certain of these men who have complained to the provincial government. The provincial government has had some correspondence with the federal authority in connection with it. I believe the province recommended that a corridor be cleared into this area in the park. In any event, quite a number of these letters are filed, and it is most disturbing and most confusing. Perhaps the minister would like to look into it.

Mr. Lesage: May I ask the hon. member if he would hand me a copy of the order in council that he had in his hand? That would help me clarify the position. Perhaps then I will be able to answer his question.

Mr. Shaw: Yes. I assumed the minister would want some time to look into this subject and that was my reason for bringing it up now.

Item agreed to.

National parks branch—

304. Administration, operation and maintenance, $4,397,820.

Mr. Harkness: This item deals with the general administration of all national parks. We have a breakdown in the back of the book which is on the basis of the employees, what is paid for various materials, and so

forth. It is a breakdown of that amount involved, $4,397,000. Now, just to get some idea of what is spent on one or two of these parks, would the minister give me a breakdown of the $1,094,431 and of the $1,231,588 which was spent on Banff last year and this year?

Mr. Lesage: In Banff national park, the total estimate for 1954-55, so far as repairs and upkeep of buildings and works is concerned, is as follows: administration buildings and camp grounds, $10,216; roads, bridges, streets, sidewalks and trails, $69,909; water and sewer systems, $3,791; recreational facilities, $8,397; other buildings and works, $11,008.

Now, if my friend is interested, as to repairs and upkeep of equipment at Banff national park: repairs and upkeep of cars, trucks and heavy equipment, $87,775; repairs and upkeep of other equipment, $6,284, for a total of $94,059. Those are two of the important items under operation and maintenance.

Mr. Harkness: As I understand it, then, this item 304 takes in a certain amount of construction work, and all the construction is not under the next item, 305, which is for the construction or acquisition of lands, buildings and works.

Mr. Lesage: It is for repairs and upkeep of buildings and works, not new construction. New construction is under item 305.

Mr. Knight: There are two small items I might perhaps mention here. The first one is the site of Batoche, about which the minister or his assistants are probably well informed. There is a need there for a building of some sort which is a permanent site. I will not go into the history. I understand there is an old building there now which has been offered to the department and I understand from the departmental officials that the price being asked for that building is perhaps too high. I would be inclined perhaps to agree with that. I would urge, though, that this department might consider proceeding with that piece of business. I know there have been negotiations, but I feel the amount the department has offered for this particular building might be considered too low. I just wanted to draw that to the minister's attention, in the hope that perhaps negotiations would be continued so that that permanent place, which has a great connection with Saskatchewan's history, might be preserved.

There is a road there, too, but I do not know whether it will come entirely under the provincial government or whether the dominion department would consider it had some responsibility. It is a historic road up which certain troops went at the time of the rebellion. It runs along the river bank, and although I do not quite know where it is, it is in the same Batoche district near the historic battleground. I do know the people there would like to get the matter settled so there would be some permanency about it.

The other item, I suggest, might come more nearly under the heading of museums. We of course, in the province of Saskatchewan, unfortunately have not very much history. I feel we should make an effort to preserve what history there is. I should like to pay tribute to a man who has devoted the important part of his life to the preservation of things historical in that province. He is Campbell Innis, who was formerly a school inspector and I think has acted for the department in an official capacity in connection with the historic site of the old town of Battleford. At the town of Battleford there is the old mounted police barracks and a very interesting and well kept museum on the site of the old fort.

After that had been established, and after the dominion government had taken some interest in it, a few various old implements of one sort or another began to be gathered together. Saskatchewan, of course, has been an agricultural province. The things to which I am referring are things like the buffalo carts, the Red river carts, as they called them, and the first machinery that was used in the breaking up of that country for agriculture. A collection finally developed and was gathered together in one or two places in the northern part of the province, I think somewhere around North Battleford or Battleford, and some in my own city of Saskatoon. I would hope that the minister would come out to Saskatoon—and I give him a hearty invitation to do so. As I said the other day, during two weeks of the election campaign we had five cabinet ministers out there. I do not think the minister now before the committee was one of them; but he would be welcomed if he did come. As I said the other day, I am here to return the visit of those cabinet ministers.

Mr. Knowles: He was not a minister then. Perhaps he will come next time.

Mr. Knight: At any rate, to go back to my story: the point I wish to make is that we have a marvellous collection out there—

Mr. Lesage: I will come to see it in a month and a half.

Mr. Knight: —of instruments of transportation used in the early days, beginning with the Red river cart. Then we go into agricultural implements, and we have ancient buggies, and all sorts of things. We have had

a grant from the provincial government—and I have no doubt the minister will tell me that this is provincial rather than federal business, because cabinet ministers in the dominion departments of government have a habit of saying that.

At any rate, after these things had sat out in the elements for a long time, finally some well-intentioned people got them housed under one roof. They brought them down to my city. On the west side of that city there is a place something in the shape of a hangar in which all these old implements have been gathered. A crew of men was hired. The old building was scraped out and renovated, and put into shape for exhibition. The place is now full of those relics.

The Minister of Agriculture was out in Saskatchewan during the Easter recess, and I believe he was invited to look over these things. However, he was not able to come, because he was on other forms of business. If he had gone he would have been interested to see the buggy that was driven over the Saskatchewan plains for a good many years by his predecessor, the late Hon. W. R. Motherwell, whose name, as a former minister of agriculture, is treated with great respect both in the House of Commons and in the country.

I suggest that the department of the minister to whom I am addressing these remarks might take some interest in the matter, and accept some responsibility for the exhibition of these objects. I do know that the provincial government has given a fair grant, and that the municipality of Saskatoon has done something for them. Finally they got these things in out of the weather, and necessary repairs have been done. I have no doubt thousands of tourists will look over the exhibition this year. While I am not sure, I think a small admission fee is charged. If it is, the revenue will be used for maintenance.

I know, however, that at the moment a cement floor is required in that museum. That would put the finishing touches on it. I am merely suggesting that when the new minister looks over his historic sites, museums, and that sort of thing, he might look at this one. I know that the national museum comes under his department and I see no reason why, if a national library should have branches throughout the country—and I am happy that it has—a national museum should not be treated in the same way. Those of us from Saskatchewan are in favour of that sort of thing. I believe it is important that we preserve our connection with the past.

That is all I wish to say on the matter. I simply draw it to the minister's attention in the hope that he will look into it and give some consideration as to whether or not he would be justified in seeing that this institution receives some support from this department of the federal government.

Mr. Lesage: As to the first point raised by the hon. member, I am quite familiar with the question of the old rectory at Batoche. That this is an historic site of great historic value, I would be the first to agree. But of course we cannot buy historic value, because it is impossible to appraise or to evaluate it in money terms. We have to purchase at the appraised value any building or lands we may require. In this instance the price asked was $10,000, while the appraisal made was around $1,500.

Mr. Knight: I think the offer of the dominion government also was $1,500.

Mr. Lesage: No, the offer was not $1,500. We said $10,000 was not a reasonable price, and we asked if they would not bring the price down to a reasonable figure—because certainly I was ready to recommend a figure higher than the $1,500, if we could come to a settlement. However, the owners have not seen fit to come down a single cent from the $10,000.

Again, I am very much aware of the historic value of that site, because it is part of the Riel history, which I have known for years. I shall be meeting with members of the historic sites and monuments board on June 7 and 8, when they have their annual meeting here in Ottawa, and I am going to discuss with them some other solution to the problem with a view to satisfying the owners and at the same time maintaining the policy in the department, which we believe is sound and should be followed.

Mr. Herridge: Mr. Chairman, in contrast with what was said by the hon. member for Saskatoon, in British Columbia we are very rich in history. On that account I have always been interested in marking historic sites and monuments. For some years I urged that a monument be erected to David Thompson at the Castlegar-Robson crossing of the Columbia. I was informed about a year ago that the board had agreed to the suggestion, and that a monument was going to be erected at a suitable place. What is the reason for the delay? I do not think anything has happened to date.

Mr. Lesage: There is a general reason, that we are late in setting up these plaques that have been recommended by the historic sites and monuments board. We have a definite budget, and we try to do as much as we can each year. However, to date, we have

not been able to keep pace with the recommendations of the board. That is the general answer to the hon. member's question. However, I shall look into the matter in particular and see that there is not too much delay in the case he has mentioned.

Mr. Blackmore: I should like to discuss the Waterton Lakes park, and it might take some time. Perhaps the item should be allowed to stand.

Item stands.

Progress reported.

BUSINESS OF THE HOUSE

Mr. Harris: Tomorrow we will take agriculture, and national health and welfare.

Mr. Knowles: Both?

Mr. Harris: Certainly.

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

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

DEPARTMENT OF PUBLIC WORKS

Acquisition, construction and improvements of public buildings—

374. British Columbia, $4,450,000.
375. Yukon and Northwest Territories, $670,000.
376. Unforeseen improvements, $1,200,000.

Engineering branch—

377. Branch administration, $653,824.

Engineering services—

378. Salaries, surveys, inspections, etc., $1,918,878.
379. Construction or acquisition of buildings, works, land and new equipment, $74,900.

Dredging—

380. Maintenance and operation of plant and contract and day labour works, $3,674,565.
381. New plant and equipment, $1,464,600.

Graving docks—

382. Maintenance and operation, $527,026.

Locks and dams—

383. Maintenance and operation, $413,673.

Roads and bridges—

384. Maintenance and operation, $423,449.
385. Towards international bridge over the St. Croix river between St. Stephen, New Brunswick, and Calais, Maine, the state of Maine to pay a like amount, $125,000.
386. Towards construction of spans of bridge over the interprovincial channel of the Ottawa river between Pembroke, Ontario, and Allumette island, Quebec, $200,000.

Acquisition, construction and improvements of harbour and river works—

Construction, acquisition, major repairs and improvements of, and plans and sites for, harbour and river works listed in the details of the estimates, provided that treasury board may increase or decrease the amount within the vote to be expended upon individual listed projects—

387. Newfoundland, $2,189,800.
388. Nova Scotia, $4,923,000.
389. Prince Edward Island, $847,800.
390. New Brunswick, $1,334,500.
391. Quebec, $4,670,100.
392. Ontario, $6,573,400.
393. Manitoba, $103,000.
394. Saskatchewan, Alberta and Northwest Territories, $180,500.
395. British Columbia and Yukon, $4,998,500.

Harbours and rivers generally—

396. Repairs and upkeep for the maintenance of service, including reconstruction and replacements, and to authorize commitments against future years in the total amount of $420,000, no new works to be undertaken, $3,535,000.

Trans-Canada highway division (formerly under department of resources and development)—

397. Administration, operation and maintenance, $487,484.
398. To provide for surveys and construction of the trans-Canada highway through national parks, $2,000,000.

Generally—

399. To provide for remedial works where damages are caused by, or endanger, navigation or federal government structures and to complete protection works already under way, $500,000.

General—

400. Miscellaneous works not otherwise provided for, not more than $15,000 to be expended upon any one work, $590,000.
401. To provide for advance planning of projects including acquisition of sites, $500,000.
402. To supplement, on approval of treasury board except where less than $1,000 is required, any of the appropriations of the Department of Public Works, $400,000.
403. To provide for balances required to complete any projects undertaken in previous fiscal years and for which no specific provision is made in the fiscal year 1954-55, $400,000.
404. Statue of the late Sir Robert L. Borden, $50,000.
405. Emergency shelter administration (formerly under department of resources and development), $25,000.
406. To provide for the expenses incurred by Central Mortgage and Housing Corporation in constructing and supervising construction of married quarters, schools and related services on behalf of the Department of National Defence (formerly under department of resources and development), $700,000.

Central Mortgage and Housing Corporation—

535. To provide for advances to Central Mortgage and Housing Corporation for the purposes of subsection one of section 45 of the National Housing Act in respect of housing projects for veterans, for the acquisition of land for housing projects, and for housing projects at Gander, Newfoundland, for sale or rental, $1,124,000. On motion of Mr. Harris item reduced by $250,000.

DEPARTMENT OF NORTHERN AFFAIRS AND NATIONAL RESOURCES

302. Departmental administration, $455,547.
303. Branch administration, $61,420.

HOUSE OF COMMONS

Friday, April 30, 1954

The house met at 2.30 p.m.

BUSINESS OF THE HOUSE

STATEMENT CONCERNING LEGISLATION TO BE BROUGHT DOWN

On the orders of the day:

Right Hon. L. S. St. Laurent (Prime Minister): Last Tuesday, Mr. Speaker, in reply to a question by the Leader of the Opposition (Mr. Drew), I said I would shortly be in a position to make a full statement to the house concerning the government's legislative program for the remainder of this session. I should like now to make that statement.

In addition to the measures arising out of the two resolutions, of which notice was given in yesterday's *Votes and Proceedings*, and the measures arising out of the budget resolutions which involve amendments to the Excise Act, Excise Tax Act, the Income Tax Act, the Customs Tariff and possibly the Customs Act, definite plans have now been made for the introduction of the following twelve bills before the end of the session. These bills are: Amendment to the Veterans Land Act; a new measure concerning inventions by members of the public service; further amendment to the Post Office Act; the usual Canadian National financing and guarantee bill; a bill to round out the superannuation act by providing a system of contributory death benefits for civil servants and members of the regular forces and to discontinue the issuing of individual policies under the Civil Service Insurance Act; amendments to the Judges Act, the Royal Canadian Mounted Police Act, the Department of Transport Act, the Navigable Waters Protection Act, the Radio Act, the International Rapids Power Development Act, and the Canadian Citizenship Act.

These two last bills are small bills that are being introduced in the Senate. In addition to the measures above, the government may wish to introduce, before the end of the session, legislation regarding the National Physical Fitness Act and a bill to authorize the establishment of a national park in Newfoundland. Furthermore, as hon. members no doubt know, this week the Minister of Transport had discussions with representatives of the various provincial governments concerning the control and regulation of interprovincial and international highway transport. The federal and provincial governments are now considering the proposals made during the course of these discussions, and it is possible that following such consideration a bill on this subject may be introduced during the course of the session.

That is, Mr. Speaker, the government's legislative program as presently contemplated for the balance of this session. Many of the measures I have mentioned are of relatively little importance and should not, I believe, take much time in the house. It is possible, of course, that between now and the end of the session, because of circumstances now not foreseen, the government may find it necessary to introduce measures that have not been mentioned here. Should that happen, there should be very few and they should not substantially alter the program as I have outlined it. Hon. members know that there are still a number of committees sitting and their reports will in due course be submitted to the house for consideration.

Hon. George A. Drew (Leader of the Opposition): Will the Prime Minister indicate the nature of the amendments to the Judges Act that are contemplated?

Mr. Speaker: Order. While I was listening to the outline of the legislative program I was asking myself what I would do if a question were put as to the nature of these various measures. If I allow the question put by the Leader of the Opposition (Mr. Drew), where do I stand so far as the other questions which might be asked by members about all the measures the Prime Minister has outlined are concerned? Should we not refrain from being too curious at this time, and wait until those measures are presented?

I should like to submit this to the house. It seems to me to be the logical course for us to follow at this moment to wait until these measures are introduced in the proper fashion. Under our rules no one will be caught by surprise because notice has to be given. Let us follow the proper procedure.

Mr. Drew: I would submit, Mr. Speaker, that unless the Prime Minister has some reason for not answering this—

Some hon. Members: Order, order.

Inquiries of the Ministry

Mr. Drew: I am addressing my remarks to the recognized Speaker in the house. I was submitting to you, Mr. Speaker, that unless the Prime Minister had any objection to giving that explanation, it might easily dispose of other discussions that might be prompted by members' thoughts on this subject. I should think it would be very helpful to the members and facilitate the consideration of these subjects if, in the case of an act of this kind, the Prime Minister would indicate to us the nature of the amendments proposed.

Mr. Speaker: May I perhaps clarify the remarks I made a moment ago. The Leader of the Opposition was quite right, on the orders of the day, to ask a question of the Prime Minister as to the legislative program to come. Now, the Prime Minister indicated that he would make that reply, and he has done so today. The question is now asked as to what is to be done with respect to one particular piece of legislation to come before the house.

If I allowed this question, then I would have to allow at this period questions pertaining to the subject matter of any other legislation which the Prime Minister has announced, if hon. members chose to ask those questions.

At this time we must ask questions concerning matters of urgency. My ruling is that we should not deal with the various subject matters contained in the legislation the Prime Minister has announced. See *Journals,* Monday, July 15, 1940, ruling of Mr. Speaker Glen, last paragraph, page 218.

PROCEDURE IN REGARD TO QUESTIONS AND NOTICES OF MOTIONS

On the orders of the day:

Mr. P. T. Hellyer (Davenport): Mr. Speaker, I hope we have not established the practice that questions to the ministry are to have precedence over members' questions, government notices of motions and government orders on Fridays.

Mr. Speaker: If the hon. member is putting his question to me I will have, much to my regret, to tell him that it is not customary for hon. members to put questions to the Speaker from the floor. If the hon. member wishes to have an explanation upon that subject I shall be glad to see him later in the day. See Beauchesne, third edition, citation 302 and citation 114, also ruling of Mr. Speaker Macdonald, May 21, 1951, *Hansard.*

JUDGES

INQUIRY AS TO REVISION OF SALARIES

On the orders of the day:

Hon. George A. Drew (Leader of the Opposition): Mr. Speaker, I should like to ask a question of the Prime Minister. Can the Prime Minister inform the house if it is the intention of the government to consider revision of judges' salaries during the present session?

Right Hon. L. S. St. Laurent (Prime Minister): Mr. Speaker, that is a matter which could not be dealt with without a resolution which, before it was brought to the house, would have to be submitted to and receive the approval of the Governor General.

Mr. Drew: That is the kind of information we get.

WAR VETERANS ALLOWANCES

REQUEST FOR AMENDMENTS TO ACT

On the orders of the day:

Mr. A. J. Brooks (Royal): Mr. Speaker, I should like to ask the Prime Minister if he has not forgotten to bring in an amendment to the War Veterans Allowance Act. I am sure there will be great disappointment if no amendments to that act are brought in at this session.

Right Hon. L. S. St. Laurent (Prime Minister): I have stated a complete list of the government's program for the remainder of the session.

EMERGENCY POWERS ACT

SECRET ORDER IN COUNCIL

On the orders of the day:

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, in view of the announcement made yesterday by the Prime Minister that no legislation will be introduced extending the Emergency Powers Act, will he tell the house whether the government has reached any decision as to what it intends to do about the matter covered in what is known as the secret order in council.

Right Hon. L. S. St. Laurent (Prime Minister): I have already stated in the house that if the emergency legislation was not extended, the secret order in council would expire with the legal existence of that act.

EXTERNAL AFFAIRS

ECONOMIC AID TO SOUTHEAST ASIA

On the orders of the day:

Mr. Donald M. Fleming (Eglinton): The Prime Minister has not mentioned the possibility of a bill dealing with supplementary estimates. In the light of the press report of a speech he made in Toronto on Wednesday night, may I ask him if the government intends to propose an increase in economic aid along the lines of the Colombo plan to nations of the commonwealth in Asia?

Right Hon. L. S. St. Laurent (Prime Minister): No such decision has been reached by the government up to the present time.

TRANSPORTATION

ARROW LAKES—SUBVENTION FOR STEAMSHIP SERVICE

On the orders of the day:

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, I should like to ask a question of the Minister of Transport. Has any minister of the government of British Columbia discussed with the minister the question of steamship service on the Arrow lakes? If so, in view of the great concern of some three thousand of my constituents, and many others in British Columbia, over the present situation, can the minister inform the house of the result?

Hon. Lionel Chevrier (Minister of Transport): Mr. Speaker, the hon. member was good enough to speak to me yesterday afternoon about this matter, and to indicate that he would ask his question. I did discuss with the minister of public works in the government of British Columbia the matter of a subvention for the Arrow lakes steamship service. I am unable at this time to add anything to what I have already said on the subject in this house.

NATIONAL DEFENCE

CAMP IPPERWASH—INVESTIGATION INTO DISAPPEARANCE OF ARMY STORES

On the orders of the day:

Mr. A. J. Brooks (Royal): Mr. Speaker, I should like to ask a question of the Associate Minister of National Defence. Is he prepared to make any statement on the disappearance of army stores at Camp Ipperwash? If so, can he indicate the extent of the losses involved? Is it the intention of the department to institute an independent investigation, apart from that being conducted by the Royal Canadian Mounted Police?

Inquiries of the Ministry

Hon. R. O. Campney (Associate Minister of National Defence): I thank the hon. member for having given notice of his question. In answer to the first two parts of the hon. member's question, I may say that a few months ago, during a routine ordnance audit at Camp Ipperwash, some discrepancies were found in clothing accounts, as a result of which a further audit and a stocktaking check were initiated, and the R.C.M.P. were asked to investigate. These checks and investigations are still continuing.

The investigations thus far would indicate that the losses involved are substantially less than the $15,000 suggested in press reports which I have seen but obviously I cannot make a definite statement in that connection until all the relevant facts have been established, and such steps taken as those facts may appear to warrant.

The answer to the third part of this question is no.

CUSTOMS TARIFF

CLASSIFICATION OF CANNED MIXED FRUIT AS PEACHES

On the orders of the day:

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, I should like to ask a question of the Minister of National Revenue. In view of the tariff board's ruling, dated April 28, to the effect that mixed fruit is not peaches, will provision be made for rebate of the excess duties paid on the importation of canned mixed fruit during the period that the higher rate of duty has been charged?

Hon. J. J. McCann (Minister of National Revenue): No consideration will be given to the question of refund until the matter is finally determined. As the hon. member is no doubt aware, decisions of the tariff board are subject to an appeal to the exchequer court upon any question of law, within thirty days from the date of the decision.

Mr. Knowles: Mr. Speaker, I should like to ask a supplementary question, arising out of the mixed fruit case, which was heard recently by the tariff board. May I ask if the government intends to continue using the Department of Justice to represent the Department of National Revenue in hearings before the tariff board?

Mr. McCann: The answer is yes.

Inquiries of the Ministry

ROYAL CANADIAN AIR FORCE

SEA ISLAND STATION—LOSS FROM FIRE

On the orders of the day:

Mr. Howard C. Green (Vancouver-Quadra): Mr. Speaker, will the Associate Minister of National Defence give the house a report on the disastrous fire which took place yesterday at the R.C.A.F. hangar at the Vancouver airport at Sea Island?

Hon. R. O. Campney (Associate Minister of National Defence): I thank the hon. member for having given me notice of his question. From such information as I have at hand, it appears that late last evening hangar No. 3 at the Royal Canadian Air Force station at Sea Island, British Columbia, was completely destroyed by fire, together with its contents. No lives were lost, I am glad to say, and no person was injured.

The hangar housed a number of smaller units, among them a search and rescue flight, a land search station, and several administration details. Destroyed in the fire were six aircraft consisting of one Lancaster, two Expeditors, two Otters, and one helicopter.

The station fire department was on the ground in a matter of moments and was later assisted by the Richmond fire department, the Vancouver fire department, and fire equipment of the Department of Transport. Nevertheless, because of the nature of the fire, and the extent, it was not found possible to control it. The loss, while not yet accurately determined, will be substantial. The cause of the fire is as yet unknown, but a board of inquiry was appointed immediately to investigate the possible cause.

Mr. Green: A supplementary question: Was the fire equipment from the city of Vancouver able to get across the Marpole bridge?

Mr. Campney: So far as I know, there was no delay.

FISHERIES

EXCHANGE OF SCIENTIFIC INFORMATION

On the orders of the day:

Mr. T. S. Barnett (Comox-Alberni): Mr. Speaker, I should like to ask the Minister of Fisheries if he can give us the particulars concerning an agreement which has been reached between Canada, the United States and Japan in relation to the exchange of scientific information about fisheries, according to a statement which I see in today's issue of the Toronto *Globe and Mail.*

Hon. James Sinclair (Minister of Fisheries): The reference is to the first report of the international commission for the north Pacific fisheries, a report covering the inaugural meetings held in Washington in the month of February. This commission was set up as a result of a treaty signed last year by Canada, the United States and Japan for the conservation and the protection of fisheries of the north Pacific.

The headquarters of the new commission will be at the University of British Columbia in Vancouver.

Meanwhile the scientists of the three countries will be meeting together to set out the research program and to co-ordinate the research work of Canada, Japan and the United States in the north Pacific. Since the hon. member is interested, I shall make a copy of the report available to him.

DISABLED PERSONS

REFERENCE TO PROPOSED PENSION LEGISLATION

On the orders of the day:

Mr. Daniel McIvor (Fort William): Mr. Speaker, I am sure we are all grateful that the Prime Minister—

Some hon. Members: Question.

Mr. McIvor: —is bringing in a resolution or legislation at this time—

Some hon. Members: Order paper.

Mr. McIvor: —for the benefit of the handicapped.

[*Later:*]

INQUIRY AS TO AGREEMENTS WITH PROVINCES

On the orders of the day:

Mr. F. S. Zaplitny (Dauphin): I should like to direct a question to the Minister of National Health and Welfare. Has the minister now completed agreements with all of the Canadian provinces in connection with proposed pensions for disabled persons?

Hon. Paul Martin (Minister of National Health and Welfare): If I understood the question correctly, my hon. friend asks me whether we have agreements with all of the provinces regarding the proposed scheme for a nation-wide system of disability allowances. I think my hon. friend is under a misapprehension as to the precise requirements in this regard. As he knows, we did have a conference with all of the provinces, when the general principles and the general intentions of the government's legislation were outlined to the provinces. That conference was not predicated on the necessity of having any agreement with the provinces, although understandings were naturally reached with them.

The formal agreements will follow once the legislation has been introduced in this house and passed by parliament. Then, to make the measure effective in the country as a whole, it will require agreements with each province.

Mr. Stanley Knowles (Winnipeg North Centre): May I ask the minister when it is intended that this legislation, notice of which the minister has now given, will come into effect?

Mr. Martin: Just as quickly as possible, Mr. Speaker.

SUPPLY

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

DEPARTMENT OF AGRICULTURE

1. Departmental administration, $432,490.

The Chairman: Hon. members will find the vote on page 4 of the blue book and the details on page 76. Shall the resolution carry?

Right Hon. J. G. Gardiner (Minister of Agriculture): Mr. Chairman, it is not customary for the Department of Agriculture to remain undiscussed until such a late period in the session. I presume one of the reasons for that was that I was absent early in the session and later in the session was not in a position to deal with my estimates. However, I want to thank hon. members of the committee for the very kind references which have been made from time to time to the changed condition in relation to myself, which makes it possible for me to be here at this time.

The estimates which are being placed before the committee are for about $1,700,000 more than last year. I only wish to make that reference to them at this stage and then to deal with more general matters, as has been the custom at this stage in the consideration of the estimates.

In the first place, I should like to deal with farm production, showing the relationship between farm production east and west during the past years, and in making that comparison to indicate what our position is at the present moment in relation to surpluses and other matters related to the question of agricultural production.

It has been our practice in the past to give the complete figures in connection with production from year to year, and in doing so to speak in a general way of the position of agriculture. But on this occasion I should like to make a division as between east and west on the ground that most of our production in the eastern part of Canada, from which farmers receive their return, is in the form of livestock, livestock products and many specialties that do not add largely to the income, but do produce results which are very beneficial or otherwise to small groups of people. Then, so far as the west is concerned, by far the greater part of our production is in cereals; but nevertheless there is a considerable production of livestock products, particularly cattle and hogs.

The figures which I have before me with regard to the matter indicate a number of facts, which I think it is well for us to consider at this time. These facts are related to production east and west, but before dealing with them I think I should refer to the further fact that there are more farmers in the eastern part of Canada than there are in the western part; that is, if you just count heads, there are more people engaged in agriculture east of the great lakes than west of the great lakes. Because of that fact, when one gives the figures, it is not sufficient just to divide by the number of people and then say there is so much production per head in eastern Canada and so much in western Canada and leave it at that. There are a number of facts that ought to be considered along with these statements.

The first is that while there are more farmers in eastern Canada, many of them are engaged in such activities as producing on small areas fruit and vegetables which go to market, and producing on other small farm units to an extent which is perhaps not so great as the production on some of the western farms which run into hundreds of acres.

In dealing with the matters having to do with agriculture from that point of view, I want to emphasize the position which does exist in relation to agricultural products in general. I am going to deal with production east and west on a cash basis. I know that when I speak of cash returns for farm products some people are going to say to me: that is not the entire return. But I think in so far as the individual farmer is concerned, he is more interested in the dollars that he is getting from day to day in relation to a question like this than he is in the questions that we sometimes refer to when we object to cash returns as against the returns which are considered from other points of view in certain publications which are put out from time to time. But I am going to confine myself at this time to the cash returns which the farmers have, the amount which they receive from day to day, from week to week and from month to month, and see if we cannot arrive at some conclusions which may be helpful to us.

I have in my hand a summary table, "cash income from the sale of farm products and from supplementary payments over the years, from 1942 down to the present". I have had those years following 1942 divided into three-year periods; my reason being that we have considered, in arriving at conclusions, that it is not advisable just to take one year and compare it with other years before or after. It is much better to take three-year periods and compare one three-year period with a like three-year period. From 1943 to 1945 we had income from farm products in the east amounting to $655 million the first year, $703 million the second year and $770 million the third year, or a total of $2,128,562,000. Following the same plan, in the next three-year period we had in the east $2,871,173,000. But I think it probably would be better if I were to take east and west side by side rather than to go through one list and then the other. Therefore going back to the first three-year period, income from farm products amounted to $2,128,562,000 in the east and $2,858,770,000 in the west. In the next three-year period the figures are $2,871,173,000 in the east and $3,348,716,000 in the west. In the third period, from 1949 to 1951, the figures are $3,605,406,000 in the east and $3,952,669,000 in the west. So far as the last period is concerned, we have only gone through two years of it and the figures are $2,444,668,000 in the east and $3,129,903,000 in the west.

I have made an estimate of what the amount is likely to be over the three-year period, and at this time I will read the total amounts for all Canada in each of the three-year periods. They are: From 1943 to 1945, $4,987,332,000; from 1946 to 1948, $6,219,889,000; from 1949 to 1951, $7,558,075,000, and for the last period of two years $5,574,571,000. If I were to add to the last figure the estimate for the present year that total would be $8,200 million worth in cash for farm products.

I give the figures in order to say that over the period from 1942 down to the present there has been a constant increase in the annual returns for agriculture each three-year period. If one were to take the annual returns year by year there would be some years in which we would drop down and there would be others in which we would come up again. I am simply giving the figures in this form in order that we may be able to take the rises and falls as they come and conclude that for each three-year period there have been considerable increases in agricultural production in this country over the preceding three years. Cash income has risen from $4,987 million in the first three-year period to $8,200 million in the last period, so there has been an increase of a very considerable amount over that period of time.

The next point with which I wish to deal in connection with these matters is that there are more farmers in the east than there are in the west.

Mr. Zaplitny: Before the minister goes on, would he mind giving us net figures in line with the cash figures he has given?

Mr. Gardiner: I do not want to take too much time at this stage in going into all the details with respect to these matters. I have the figures here and could do so, but I do not want to take too long. As we go through the estimates we can discuss these different details.

The next point I wish to make is that we have a very considerable production of dairy products in Canada. Those dairy products are made up largely of butter and cheese. A similar review of the price situation in relation to them would indicate that there have been increases from time to time. There have been along the way years in which we have dropped back but we have come up within a year or two, and there have been increases in these products from time to time.

In recent weeks we have had some discussion of the butter situation in Canada, and I should like to point out to the committee that we are selling our butter under a plan which has not been applied to other farm products. Over the years we were obtaining butter in some surplus during the summer months, and quite often in the winter months we were called upon to import butter from elsewhere. The present position is that it is being suggested to us that under the plan we have been following we are accumulating a surplus of butter in Canada. Today is the end of the butter year, so to speak, and the board has the largest surplus of butter under their control that they have ever had. I am not altogether certain that I would be right in saying that there is much more butter in Canada today than there was at some other times at the end of the dairy year, as these figures would indicate, but nevertheless there is a considerable amount. A round figure which can be stated is that we have about 33 million pounds of butter under the control of the board, and that butter will be placed on the market from time to time as the months go by.

In so far as cheese is concerned, we are in the position where practically all of our cheese has been sold or is in position to be sold, and it can be said that we have very little, if any, surplus of cheese. So far as

butter is concerned, I would also say that it is not really established that we have any considerable surplus of butter. It could disappear over a few months' time or we could accumulate more, and as the months go by we will be dealing with that particular question.

I should like to deal next for a few moments with the marketing of cattle and hogs. Under the plans that are being followed we have very considerable numbers of cattle and hogs produced from year to year. At one time we had considerable trouble marketing the cattle and hogs that were produced, but I am pleased to be able to say that this year there has been no great difficulty in marketing the cattle and hogs that have been produced. We are marketing by far the greater part of our hogs in Canada. Some shipments are being made to the United States but the greater part of our hogs are being marketed in Canada. In preceding years we had some difficulties in marketing our cattle in the United States because of the disease that afflicted them, but again we are back into the position where we are marketing practically all of our surplus cattle in the United States in the form of beef and live cattle. There is very little hanging over the market at the present time. To complete the picture with regard to beef I would like to say that there have been representations made to the effect that we should set a floor price for cattle in Canada. We have replied to that by saying that we do not believe it is necessary. Our surplus beef all goes to the United States and the U.S. price is the highest in the world. Our price is secondary only to theirs and we obtain prices for our cattle in the United States based upon the market price which is established there, less the duty we have to pay in order to get our cattle there. Therefore, we do not consider that it is necessary to have a floor price under cattle. We believe that the market as it at present operates provides very good support for the cattle industry in this country.

In so far as hogs are concerned we have not had surpluses in recent years. At one time we had a production of hogs which made it necessary for us to look for markets, but at the present time we are marketing nearly all our hogs in the Dominion of Canada. The production is not sufficiently great to have presented us with any great marketing problem in connection with hogs. As regards any of the cuts we find it necessary to sell because we have not a sufficient market for them here, we have been able to sell at a very good price in the United States, and therefore we have not been trying to beat our way into the British or any other market simply because of the fact that our product is going on the market at better prices than we would be able to obtain anywhere else.

I think I should say a few words with regard to potatoes. There has been a situation in Canada recently which is quite different from that to which we have been accustomed. We are finding it more difficult to sell our potatoes in Canada than we have done for some little time. We had to sell our potatoes at the level which has been set under the measures we took from time to time to establish floor prices. We had to establish a price in relation to potatoes grown in the maritime provinces part of which are exported, and we have not been able to hold that price at the level which was established earlier, with the result that there is a possibility that the government may have to take some loss in connection with potatoes this year. As hon. members know, our objective is to attempt to set a floor price under our farm products which will be beneficial to the farmer and which at the same time will result in products being sold at a price which will not necessitate a subsidy being paid. It appears at the moment, though, that we might require to pay some subsidy on potatoes.

However, in connection with that I would like to say that our sales to the United States amounted to $60 million over the last ten years, and our purchases amounted to $30 million. In other words we have sold about double what we purchased from the United States as regards potatoes. At the same time I think I should say that we have not been so fortunate in the sale of table potatoes as we have been in the case of seed potatoes. Our seed potatoes have gone to the United States in considerable quantity and have been sold there, but we got just about the same number of table potatoes back into Canada as we sold in the United States. There is a very good reason for that but it can be discussed when we come to deal with that particular product.

I would like to say a few words with regard to wheat acreage. Questions have been asked from time to time as to our position in regard to wheat. Well, the present position is that we have approximately one year's crop of wheat on hand. It has been necessary to announce in this house that we have not been able to make many sales in relation to last year's crop, and therefore we have practically a full crop on hand. The reason for that is largely the fact that we have had such good crops. A few years ago one was inclined to say that we could not grow too much wheat over a five or six year period, and probably that is still true; but for the

first time we have had the experience of growing three very good crops in a row. These crops have yielded quantities of wheat very much greater than the usual amounts. I would like to add in that regard that because of that high production our marketing difficulties have arisen in spite of the fact that our sales have been the same as those experienced in past years. It is not a case of our marketing less wheat year by year. It is a case of our having grown very much more wheat than usual during the last three years, and that tends to produce an accumulation of wheat. I would like to add, however, that we should not be misled by that fact. A market can be found for that wheat, in part at least, over the years that lie ahead, but we have no assurance that if we have the same crop this year we would be able to lower the surplus which is being carried at the present time. But I do not know that that is a very great hardship for the farmers at the present time. In past years we have gone through the experience of reducing production from year to year with the result that we had not very much to sell some years as compared with others, even though the price was fairly good. At present the price is fairly good compared with other years and we have a very large amount of wheat in storage in the Dominion of Canada.

The mere fact of that wheat being in storage makes it possible for us to take advantage of any market which is available, and we have been selling regularly up to a recent date, the result being that if you compare sales this year with sales in the past it will be found there is not a great deal of difference, though the fact that we have produced so much wheat leaves us with a considerable surplus.

The peak of our storage is perhaps as high now as it has been at any time and those hon. members who come from the western part of Canada will know that storage there is practically at capacity level and it will not be very long before we enter another crop year.

I just wish to point out these facts in relation to the wheat position in Canada at the present time, and I would like to add that if you take the year at the beginning of our difficulties as 100, that is the year 1928-29, our average acreage today would be at the figure of 101 compared with the figure of 117 in the United States. Our peak acreage was 114 and the peak in the United States was 125; our lowest acreage was 67, while the United States low was 79. That is not taking actual acreage figures, but is taking figures based on the 1929 acreage as representing 100; that is not in bushels but is in figures which represent the index position in relation to other years. Our present position is that we have a considerable amount of wheat in storage in Canada, possibly more than at any other time, certainly more than at any other time unless it be in the years 1943 or 1944 when we had our peak in storage during the war years. This wheat will be marketed from time to time and we expect it will bring a price which will be favourable to the farmers where that wheat is grown.

There are two matters with regard to which I want to say a few words at this stage. One of them is the fact that I made a trip to Rome last fall in order to attend the FAO meeting which is held every second year in order to discuss farm problems across the world. While I was there I took the opportunity to go down to Israel and to visit that country, my reason being that many of the policies which we follow on this continent had their origin many years ago over in that section of the Asiatic continent. Many of our ideals and ideas have been imported from there. In our setting up of many of our activities in relation to the sale of food products, we have made a study of what has happened over in that section of the world at some time or another, and then we have more or less followed the ideas which they developed away back in the early years.

When I was down there this time I was greatly surprised to have recalled to my mind many of the things we have discussed in this country, and particularly in the western part of Canada, over the years that I have been associated with government. We quite often ask ourselves the question as to where we got the idea about this and where we got the idea about that. Since being down to Israel I have concluded that we obtained many of the ideas we have through reading what we call the Bible, the story of these people back in that country. My reason for saying that is that when I was over there this time I found that they were following much the same policy or the same plan as that which we are trying to persuade the people to follow in western Canada—both areas are comparatively dry areas—or practically the same plan as was followed by the early settlers in what we call Israel back in the early years, and we go back to those areas today in order to get the basis for some of the things we are doing in the western part of Canada particularly and even right down across this country.

When I got over there I was surprised to find that they were digging out the dugouts they had down in the southern part of the new Israel—that is they were digging the sand out of them—and they were able to tell us at this late time that they were dug in

the time of Abraham, Isaac and Jacob. At that time they had dugouts, but those dugouts differ from ours in that they are dug in limestone. The dugouts were filled up with water just as ours fill up with water, and they utilize the water for the same purpose. History indicates that on different occasions these dugouts have been destroyed by the invasion of others who did not see the use of them. But at this time the people who are settled in Israel are going back, cleaning out these dugouts and allowing the water to run down from the hills alongside of them and fill the dugouts up again. In an area where there is a little bit more than four inches of rainfall in a year, they are going back to produce livestock just as they did in the days of Abraham, Isaac and Jacob, the years that we read about in our biblical stories.

As one goes through that country and visits the different areas there, one is struck by the fact that many of the things we are doing in this country were done there many generations ago, some of them back a thousand or more years before the birth of Christ. Hence it is interesting to go there. It is interesting to see these old structures—which were brought into being away back in the time of Abraham, Isaac and Jacob—resurrected by those with modern thought and modern means of doing so. It is interesting to see functioning in that area of Israel the same kind of equipment as that which we use throughout Canada in order to dig dugouts or to build roads or do all of that kind of thing, repeating what was done there many hundreds of years ago or, as a matter of fact, many thousands of years ago.

When one pictures the results they are getting now and compares them with the results obtained in that time, one is really moved to think that we do not have developed in these days all of the things which are helpful to mankind. As a matter of fact while I was there I was compelled to conclude that about the only thing that is different now is that we have the internal combustion engine—and probably I should say we even have the steam engine—which is different from what they had. It was more a matter of using manpower in those days to do the things which we are doing now by mechanical power. I only wish to say at this stage that I found the trip over to Israel at the end of last year to be most helpful in arriving at conclusions as to how we might proceed, particularly in connection with the developments in western Canada having to do with drought.

I want to say a word also about irrigation in our own western area. I have noted in the press some references to my recent trip to Saskatchewan. I have here in my hand one editorial which was written yesterday, or at least which appeared in the paper yesterday. I do not know just when it was written. I suppose it appears because my estimates were coming before the committee today. In any case it appeared there. The heading is "Mr. Gardiner On His Own?". They put a question mark after that. I do not know just why they put the question mark there. Most people in reading that would say "Mr. Gardiner On His Own" and pretty well leave it at that.

Mr. Martin: He does not do badly on his own.

Mr. Gardiner: No; he does not do badly on his own.

Mr. Knowles: On his own what?

Mr. Gardiner: If they had put "is" at the beginning of it and had put the question mark at the end of it, it might have served the purpose just as well. What I wanted to say in relation to it is that the editorial goes on to say that I have been doing something which the rest of the government apparently has not been committed to.

Mr. Martin: I would not agree with that.

Mr. Gardiner: My friend says that he would not agree with that. I am quite sure he would not. But the fact is that the gentleman who wrote this editorial—I do not know that you can always be sure that it is the editor of the paper who writes the editorials—was not in possession of quite all the facts because he suggests that I took some position here which I was taking on my own and he is wondering whether the government would agree with what I had said. What did I say? I said this out in Saskatchewan when I was discussing these questions with a delegation who appeared before me in the hotel in the city of Saskatoon. They wanted to ask me something about the possibilities of there being a development of the South Saskatchewan river dam. I intimated to them that it is a question that is still under consideration, and a question that I was going to discuss with the provincial government the next day or two days later when I returned to Regina.

In discussing that question, I indicated to them that there had been a certain amount of money set aside for the purpose of further investigating the possibilities of the South Saskatchewan river dam. I indicated that in having these discussions we had some time ago ceased to pay too much attention to what had been in the report we received two years ago, and that we would probably now be willing to consider the representations that were being made by Saskatchewan and to

which we were listening each time we made a trip to that area. I indicated that in so far as the reports which had appeared were concerned, it was just possible they did not cover everything which should be covered in connection with the discussion of the question.

The point raised by the editorial is something to the effect that I had said we were going to go ahead and do certain things. This assertion is based on a statement which I shall read from the editorial. The article speaks first about a classic story concerning Melbourne in the British house, and another story concerning Sir Wilfrid Laurier and Israel Tarte.

Mr. Harkness: What editorial is this?

Mr. Gardiner: It is an editorial that appeared in the Ottawa *Journal* of April 29, and it states:

> All this comes to mind upon our reading an interview which Mr. James Gardiner, Minister of Agriculture, gave last week to the Saskatchewan *Star-Phoenix*. Mr. Gardiner told that newspaper that the government "has forgotten all about the report of the royal commission on the South Saskatchewan river", proceeded to make clear that he did not share in this lamentable lapse of memory. Mr. Gardiner, in other words, was disagreeing publicly with his cabinet colleagues on a matter of major policy—voicing dissatisfaction with their conduct.

I suppose I could leave the answer to that to my colleagues in the government. I am quite sure they will agree with what I am going to say now. Anything that I have done in connection with the Saskatchewan river dam has had the endorsation of the government of Canada, and the same is true of any discussions I have had with anyone who is concerned with it.

The story told here, I presume, was believed to have been a little wrong by someone out west because the press got in touch with me and asked me if I had really said what was in the report. I said, well, if you leave out the things that are put in between the quotation marks and put in something a little different and add what I really did say before the quotation marks were used, I would say, "yes, there is not anything particularly wrong with it." They questioned me some more, and here is what they wrote following that:

> Commenting on a statement made to the press in Saskatoon Thursday when he was quoted as saying the federal government has forgotten all about the report of the royal commission on the South Saskatchewan river dam, Mr. Gardiner said he explained the $250 million figure mentioned in the report represented, in addition to the dam, cost of irrigation and other expenditures.
>
> "This cost might pile up over a number of years," he said. "The federal government has nothing to do with much of this expenditure. When the dam has been constructed—if the federal government decides to proceed with it—all that is left for the government to do is to maintain the dam at the lake."
>
> "The rest would be up either to the provincial governments or the individual farmers who would pay for these additional costs", Mr. Gardiner said.
>
> The agriculture minister said that as far as these phases are concerned the federal government has forgotten all about them.

And I might add, the criticisms that have been made in connection with them.

> "Now, we are dealing with the provincial governments concerning the building of the dam."

That is to say, we are not dealing with the installation of an irrigation system all over that part of western Canada. These figures are not concerned with other matters that are only indirectly related to the building of the dam. A figure has been arrived at that we think will cover the cost of the dam, and the province is inclined to agree. You will recall that in the beginning the province took strong exception to the suggestion that this particular plan which they have had in mind over many years would cost $250 million. They said the plan as outlined would not cost $250 million, and we have been in agreement with them that in so far as the project just spoken of is concerned, and upon which we would give assistance, if proceeded with, it would not cost that amount of money. We agreed, therefore, to undertake further discussions with the government of Saskatchewan on the question.

I want to make it plain from the beginning that we have not committed this government, nor has the government of Saskatchewan committed itself, to any particular line of procedure. We had further discussions in Saskatchewan last Saturday while I was in the province. I am looking forward day by day to having further suggestions come to us from the government of Saskatchewan. In the meantime I am not in a position to make any further announcement about it than was made a year ago. We have not given any undertaking to anybody to do anything with the money of the people of Canada that has not been discussed fully here, and discussed fully elsewhere.

As a matter of fact, the sum of money that you will find in these estimates for this particular project is only $500,000. The item is still there, and as you know it is a project that will cost somewhere from $60 million up. The provincial government will assume some of it and the federal government will assume some of it, if it is ever done. At the moment there is no agreement between the province and this government, but the question is still being considered. The representations made by the government while I

was there were representations that would help in arriving at a final decision in connection with the matter.

In so far as the article that appeared in the western papers is concerned, and which was copied in the eastern papers, the proposals made are very clear to one who has sat in on all the discussions, as I have. However, they are not so clear when one reads what is contained in the article. I would just ask you when you are reading the article—we can discuss the pros and cons of the statements as we go along with estimates—to note that about half the sentence will be in quotation marks and the other half will not. If the sentences had all been put in quotation marks, and only the things which were said could be put in quotation marks were printed, the story would have quite a different appearance.

Mr. Knowles: Were the commas in the right place?

Mr. Gardiner: Not all of them. Most of them were, but some were not.

The fact is that the matter is still under consideration. No one has turned the project down. It is still being considered; and any discussions which take place in connection with this debate should be associated with the fact that it is still being considered. I have a great deal of information with regard to it which, I think, can be brought out as we go along with the estimates.

I do not think it is necessary for me to say anything more at the present time than to indicate that the plan has not been discarded. The plan has not yet been fully considered by the provincial government along with the federal government; and when it is, an announcement will be made by this government and, I presume, by the other government as well, as to what decision has been reached. I am not in a position to say today that we are going to build the dam in Saskatchewan, and I am not in a position to say that it is not going to be built. It is still under consideration, and it is being given the most careful consideration we can give to it.

With those remarks I am going to content myself with waiting until I hear some of the discussion which I presume will come from both sides of the house in relation to the present position of agriculture. I think, to state it mildly, that agriculture is in a better condition today throughout the Dominion of Canada than it has been at any other period in my experience. And when I say that, I do not mean only my experience in the government, but I mean as well my experience in farming. I think farmers all realize that they are in a better position today than they have been at any other time. I am not going to say that the government of Canada is entirely responsible for that; but I am going to say this, that we have not done anything to prevent it. And the situation has been improving from time to time.

As we discuss the estimates we will be able to go into the different points which concern us in relation to those matters having to do with agriculture. I want to thank hon. members for the extent to which they have denied themselves the privilege of saying all the things they might have liked to say until the estimates have come before the house. As we go along with the consideration of those estimates we will try to make whatever explanations are necessary.

Mr. Charlton: Mr. Chairman, let me assure the minister that we are glad to see him back in the house in his usual good form—and I use the expression "his usual good form". I have noticed this time that the figures used are mainly cash figures. The strange thing, you know, is just how figures and tactics can change in a very few years. I can remember well that it was only a few years ago, when cash returns were not so good, during the war years, and when the farmers were taking less than the value of their products, it was always talk about volume—volume, volume, volume: everything was volume. Cash figures were never mentioned to any extent.

Then, only a year or so ago, the same condition was true with the Minister of Trade and Commerce. Then the Minister of Agriculture comes before us today and changes the situation. When we have a condition when things are a little tougher than they were in 1951, he does not take the figures for one year. Oh no; he takes a three-year average. If the past year had been a good one, he would not take a three-year average; but because it is bad this year he goes back and grabs a year, three years ago, to try to make up for the bad year this year.

However, I am sincere when I say that we are glad to see him back in the house, in good form and in comparatively good health. He has said that we have approximately 33 million pounds of butter, which is not a surplus. Of course, if that were all the butter in Canada, probably it would not amount to a surplus; but I do not think anyone will agree with the minister when he says there is no surplus of butter in Canada.

It is true when he says that there is no large surplus of cheese.

I am not going into a discussion of the South Saskatchewan river project at this time, but most certainly I can see a good deal of debate in future along those lines.

There is no doubt about the position of agriculture in Canada today. Even though the Minister of Agriculture and others who support the government are making light of the present situation, the farmers of Canada know what that situation is. They are going to think what they like, regardless of what is said here in the House of Commons. They know how much money they have in their pockets. They know how much they will have left after they buy the necessities they have to buy. And, with the farmers, those are the figures that count.

One can readily understand why the minister took the average for the last three years. However, I have before me figures circulated by the dominion bureau of statistics which show index figures of farm prices for the last three years. This is the No. 1 issue for 1954, and the information is given in monthly and annual form.

The annual index figure for 1951, according to this publication, was 296.8; that for 1952 was 274.5; and for 1953 it was 247.5. Then I find here three other figures, namely those for January 1954, December 1953 and January 1953. The figure for January 1954 is 233.2. I take it the Minister of Agriculture will agree that these figures are correct. They indicate a reduction to the extent of 21.4 per cent in the prices of farm products since 1951. We will let the people decide for themselves whether there is any difference in the position of agriculture today from what it was a few years ago.

On the other hand, in that same period the prices of goods purchased by farmers has gone up by four per cent. It is clear therefore that while the gross income of farmers is down by 21.4 per cent the net income is further reduced by the fact that the goods the farmer has to purchase have increased in that same period to the extent of four per cent. That is the net position of the farmer today.

In the House of Commons for the past few years we have fought consistently for the retention and extension of trade with the United Kingdom. This government has just as consistently dropped trade with the United Kingdom and favoured the United States market. It is true that the market in the United States has given us a little better price. But while the price is better, I contend that the United States market has been so unstable that the average position is poorer than it would have been if we had taken a little less money and sold in the market we were sure of.

Would it not have been better to face squarely the price factor involved in trading with the United Kingdom than to be subject to the unpredictable quotas of the United States? We never know when there will be a quota on this or a quota on that—and this has been proven in the matter of dairy products and oats and, more recently, rye. In the case of oats, it is bad enough having the United States government imposing a quota, but when our own government officials agree to restrict the export of those oats, thereby allowing the United States government to get off the hook, then it is showing a pretty weak-kneed attitude, I would think.

What can we expect from the United States at the present moment? As near as I can find out from the latest figures available, the amount of farm produce the United States is holding, and is owned by the United States government today, is $6·75 billion worth. Farm produce to the amount of $6·75 billion worth is owned and held by the United States government. In the face of that, can we expect to sell them very much farm produce? It is true that a little beef has been going over to the United States in the last couple of weeks.

Within the last few months the United States has changed its policy, and according to the press the new plan is to be based, instead of on the price from 1907 to 1914, on the previous ten-year period to the year with which they are dealing. That is, if they are dealing with 1954 it will be taken from 1953 back to 1943 or 1944, the previous ten years from the year they are dealing with.

Another thing is that the latitude in determining the percentage of parity is to have much more elasticity, and they are going to be able to change it from one percentage to the other a great deal more than they have done heretofore. The other thing is, they are going to freeze excess commodity reserves. They are going to isolate them from the market. They will not be put on the domestic market to lower prices.

With the huge surpluses in the United States, as I said before, we cannot expect United States farmers to sit down and say nothing and allow our products to come in and be sold in that country. It is not necessary for me, really, to go back over this government's policy during the war years. Everyone knows about it, the farmers best of all. The farmers realize how much less they were forced to take for their products

during the war. They were told that the markets would be retained for them after the war and that the reduction in prices would be made up to them to take care of the losses they took during the war years. What has happened is that since the war, when the markets got a little tough and it was not as easy to sell the products as it used to be, and production had gone up a little, the government more or less ditched the marketing of agricultural products and threw it back on the shoulders of the farmers and the provinces to deal with.

The Ontario cheese producers have accepted the ball. They were thrown a challenge last fall by this government that refused to help them in any way with respect to the surplus of cheese that they had on their hands. Therefore they did something themselves, and I want to commend the cheese producers of Ontario for doing it and probably leading the way in future marketing patterns.

As I said before, they found themselves with a surplus of cheese. That surplus was going to depress the domestic market so much that they felt it was better to take a small loss on some of this surplus and get rid of it, get it off the market. In doing so, I do not want anybody to say that it is dumping of cheese, because it is not. They were merely competing with the price at which England could buy cheese elsewhere. Do not let anyone say that that is dumping of cheese on the English market. They were merely taking a price that was competitive with other countries for the surplus of cheese and making it up to the producers by holding the price of domestic cheese to the point where our people could well afford to buy it, and which will pay the farmers a decent price for their cheese. They need to be congratulated on that which they thought at the time and still think was a good idea, namely, to get rid of the surplus cheese. In getting rid of that surplus cheese they not only helped themselves as cheese producers but they helped the entire dairy industry across Canada, and I think the dairy industry realizes that, as has been said on many occasions since that time. It was mentioned here, at the dominion-provincial conference, by the president of the dairy farmers of Canada. That is the position in which the farmers apparently find themselves in today.

What about the hog situation? The minister said there has been very little export of pork in the last year. There is a story behind the pork situation. As we all recall, in 1952 we had an outbreak of disease which we do not like to mention in this House of Commons, or any place else. But we know that in 1952 there was a terrific drop in the price of livestock products; so much so, that the government set a floor price on hogs of 23 cents. Although the price of hogs never did reach quite that low, it did have a definite effect on the number of hogs sent to the market. It is now having the opposite effect, and there is a scarcity of hogs in the country. I contend that the floor price of 23 cents is directly responsible for the shortage of hogs that we have today and the price of $36.50.

Fewer gilts are coming onto the market now than for quite some time, indicating that more hogs are being bred and of course we all know the inevitable result. In another year probably, or from six months to a year, more hogs will be coming to the market and the price will tumble. What is the government going to do when that happens? Have they any policy; have they any floor price? Have they any idea what the floor price might be? If they have, I have never heard anything mentioned along those lines, so I can only suppose that they have none, or if they have, probably they are not letting it be known at the moment. Although the minister said there was not much export of pork last year, I notice from the figures of the dominion bureau of statistics that last year we exported 55,320,000 pounds of pork, and of canned meat, of which I do not know the percentage of pork, but I would imagine it would be rather high in view of the fact that the government was holding quite a bit of canned pork at the time, there is another 30 million pounds. So that in all last year we exported 55,320,000 pounds of pork itself and then 30,255,000 pounds of canned meat, of which a moderate percentage would be canned pork.

As I say, the beef situation is quite a bit different. The price of beef is much less than pork at the present time and people are eating more beef. Certainly no pork to any extent is being canned now at today's prices. Then, as I said before, a little beef is now travelling across the border. When more pork comes on the market this fall the price of pork will no doubt go down. What will happen to beef at that time no one of course can say, but we can speculate that people will be eating a little less beef and a little more pork and that the amount of beef in storage may possibly rise.

With the exception of butter it is true that there is not much surplus of dairy products, but we should not overlook the surplus of breeding stock and the potential productivity of the dairy industry. Unless we have a very dry year and poor pasture it is evident that a tremendous amount of milk will be produced because of the surplus of dairy

stock across the nation. There is no doubt about it that the livestock producers have been hit the hardest of any, so far as the price drop is concerned. With the average drop being 21·4 per cent, I would venture a guess that in the case of the livestock producer 30 per cent would be a conservative figure at which to place the reduction.

I am going to leave it to my colleagues to discuss the subject of the grain farmers of the west more thoroughly. However, even though government officials and government members have said that the surplus of wheat is a good thing, grain in storage, as I said the other night in the budget debate, will not buy the products that are necessary on the farm. It must be sold and the cash received before western farmers can buy the necessities of life, and until it is sold there is not much that the farmers can do in order to help to maintain employment in the cities. When farmers have money they are by far the greatest purchasers of manufactured goods and, as I also said the other night, I am glad to see that the labour unions are now realizing that fact. They are realizing more every day that the buying power of farmers means very much to them as labourers in industry in Canada.

During the last year the mixed farmers of eastern Canada may have made up on hogs what they lost on cattle, but nevertheless their purchasing power is reduced not only because they have fewer dollars in their pockets but also by the fact that they are fearful as to what prices they are going to receive tomorrow and they do not want to part with the dollar they have today, even for necessities. They are fearful because they remember what happened before. They are hanging on to the dollars they received yesterday instead of parting with them, because they are fearful as to what they are going to get for the products they sell tomorrow and in the future. Cheap food and a high level of employment certainly do not go together. Any drop in the net income of farmers will undoubtedly be felt by industry and labour alike.

The spread in prices from the producer to the consumer has always been a very important part of our debates and will probably continue to be. With people demanding more service and a nicer looking package, it is going to cost them more money. If the consumers of this country want to pay that kind of money for paper it is up to them. That is what they are doing today. They are paying a very high price for the wrapping around produce they are buying from farms across Canada. However, apparently that is what they want.

[Mr. Charlton.]

If the government at this time is going to throw the ball to the farmers to look after themselves, which is rather obvious, then we as farmers, with the assistance of our producer organizations, must be prepared to accept it. However, if that is the policy of the government then let them make sure that producers have adequate representation on all boards having to do with the sale of farm products.

Apparently the old idea of building up a nest egg for a rainy day period has been destroyed by the government through its taxation policies. In the budget debate a few nights ago I had something to say about income tax and I want to say something more now. It used to be that practically every farmer in the nation took pride in the fact that if he worked hard during his lifetime and saved his money he would have enough on which to retire in his old age. Taking good days and bad, ordinarily that would be true, but what has happened in the last twenty years has destroyed that theory.

In the good years from 1920 to 1929 farmers made money and paid off their mortgages, but in the thirties they had to remortgage. Then we came to the second world war and the government put a ceiling price on farm products preventing the farmers from getting any more for them. The result was that our farmers did not have the opportunity to make up what they had lost by way of depletion of their capital in the 1930's. They did not have a chance to do so in the last ten years because the income tax inspectors came along and took it away from them. The farmer has not been able to build up a surplus for a rainy day. If something goes wrong now he turns to the government. There is nothing else he can do because the government, through its taxation policies, has prevented our farmers from competing in export markets just as much as they have in the case of industry.

There is no doubt that taxation is the greatest single factor in the cost of production. I repeat that taxation is the greatest single factor in the cost of production for both industry and farmers, and as long as the government maintains the high taxation policy it has maintained the farmer is going to come to the government for assistance because he has not had a chance to build up a surplus to carry him over a bad period. The taxes on labour, component parts and finally on the manufacturer's price for the finished product spiral and spiral until the product reaches the consumer. As I said before, if the government refuses to reduce taxes, then the responsibility is thrown directly back on the manufacturer and

farmer to try to compete with other people who are not burdened with that kind of taxation or high cost.

It is rather odd to find in the estimates that the amounts for postage, telegraph and telephones have gone up considerably in practically every item. The total amount may appear very trivial, but so far as the Department of Agriculture is concerned the amount for postage has increased by $16,810.

That figure may sound trivial after the discussion we have heard here in the house concerning millions upon millions of dollars. But in addition there has been an increase in telephone and telegraphs of $21,842. I mention that, Mr. Chairman, because, as I have pointed out on previous occasions, this government has advised industry and farmers in particular to go out and cut costs which they say are the main reason why we cannot compete with other countries. But has this government made any attempt whatever to reduce the costs of administration? There was an increase of $38,652 in postage, telephone and telegraphs. What is the reason for that increase this year? That is what I want to know and it is what, I believe, many people want to know, because even though it may sound ridiculous to mention that figure in the same breath as the large item now before us in these estimates, it is still a figure which could be cut down. Unless this government in some way makes it evident to the people of Canada that they are attempting in some way to cut down administration costs, then I do not think they should urge the agricultural industry of this country to cut down their costs.

It is always wise to check back on the records of the past and look sideways once in a while in order to anticipate attacks coming from some other direction. In that regard I would say this to the government. Let them take off the coloured glasses long enough to get the true picture and see the danger signals looming up on the horizon.

Mr. Knight: Mr. Chairman, the minister gave us an interesting view of the agricultural picture in this country in which I myself am very much interested. I was interested in his remarks in regard to Israel and what he had seen there as regards ditches and irrigation. I do not come from an agricultural district and I have, since redistribution, lost a good many of my farmer supporters and I therefore have to rely very largely upon the people of my own city either to elect or to reject me, but I am interested in how irrigation might affect our city.

I notice the minister spent a great deal of his time in the course of his remarks on the question I raised during the budget speech, and I do not blame him, for the minister is very adroit, and must very well know that someone would certainly challenge him on the remarks he made in my own city and which were conveyed to the public through the medium of the Saskatoon *Star-Phoenix* which, incidentally, is a pretty reliable newspaper. The minister dealt with the fact that some of his remarks were made in addresses to the S.R.D. association, and I notice that one interview was given to a reporter. I presume the minister sat down, as I have done upon occasion, and gave a considered statement to that reporter. I have some difficulty in understanding the speech which the minister has just completed and I would submit that that is not completely due to lack of intelligence on my own part, for the minister before now has mystified us on this question.

However, as I said the other day during my speech on the budget, I am glad to see the minister so well. In this regard I would like to endorse the remarks made by the hon. member who spoke first. Personally I have nothing against the Minister of Agriculture. Indeed I am very happy to see him here and, I might even say, altogether like his old self again. But that, of course, does not mean that I am not compelled to differ with him politically, particularly on this issue which means so much to my own city.

I am not going to go into the whole history of this thing. I will not go into the history of the project, nor the reasons why we require irrigation, but I think it would be perhaps as well to give one or two of the reasons why I find myself interested in it, because, as everyone knows, cities in our part of western Canada are completely dependent upon the prosperity of the farmers who live in the surrounding districts. If you reach the stage where the farmers through adverse circumstances can no longer live in that district, then, of course, you cannot expect prosperity in that city. As I have pointed out before, the irrigation of those prairie plains is the one thing which would bring about an increase in rural population. It would also bring about a diversification of farming, and bring about stability to the extent where the farmers would have insurance against the onslaught of drought. Therefore I make no apology for demanding that the dominion government should proceed forthwith with the construction of that dam.

At this point I would like to deal with something of the story of these press reports which the minister, I notice, was particularly careful to explain and about which I have no doubt he must feel some degree of sensitivity. I know I would if I were in his

position. A cabinet minister who, after all, must speak for the government, whether he wishes to or not, cannot just go running around the country saying these things and not expect to be challenged in regard to them in the House of Commons.

The minister in his speech today said some rather peculiar things. I am not going to quote them. But as I remember it he said he had not undertaken to do anything which he had not undertaken. I cannot make head or tail of that particular statement. He did say that he is not in a position to say the dam is going to be built. I quite realize that, but I want to go back to the quotations from the various interviews the minister granted in my own province, and some of them in my own city. Apparently the minister had a busy week. I will not go into his political activities, but we were told here that he did not attend the conference called by the S.F.U. and that he was closeted with Dr. Partridge of the Liberal association. But that is small potatoes. Let us get on to the main issue. I notice the first quotation here is from a clipping in which it is stated that the outlook for the dam was never better. That is the opinion expressed by one of the officials of the Saskatchewan river dam association after he came away from a meeting with the very persuasive minister.

As I said the other day, I am amazed how good the minister is at that sort of thing. Here we have a man completely convinced that the outlook for the dam was never better just because, forsooth, the minister gave a little talk. I have heard the minister talking for what must be close to thirty years, but on this occasion I propose to put on the record some of the things the minister has said. However, there it is. "The outlook for the dam was never better", says the *Star-Phoenix* in a headline on April 22. The minister said today, and I do not blame him at all, that he objects to these quotation marks. If I were the minister I would prefer never to have what I said put in quotation marks, because after all these quotation marks are rather difficult to wriggle away from. They put them around what you actually have said and you have difficulty saying that that is not what you said, or not what you meant to say. Without these quotation marks there could be a good deal of paraphrasing by the minister and by other people who happen to read the speech. But I want to draw attention to the quotation marks to which the minister objects, and in this case this is not a speech which might be made on the spur of the moment by a man who is either optimistic or irresponsible.

[Mr. Knight.]

This is an interview. By the way, let us have the headlines first. They are rather large; I think they can be seen all over the house. The headline is, "Ottawa Ignoring Commission's Report on Dam, says Gardiner." A minister is speaking, a minister of a responsible government. Then I thought back and I said to myself, "Does the cabinet know what the minister is saying?" Does Mr. St. Laurent know what he is saying? He was on the same platform as the minister and on a not too far distant occasion. At any rate the Minister of Agriculture and the Prime Minister were on the same platform at Regina. I think it was before the election. There the Prime Minister gave a rather categorical statement that under the circumstances of the adverse report the dam would not be proceeded with. Now we have the minister apparently speaking for his colleagues and this is what he said within these objectionable quotation marks:

The federal government—

And then the quotation marks start.

—"has forgotten all about the report of the royal commission on the South Saskatchewan river dam," . . .

The cabinet either knows about that statement or it does not know about that statement. If it knows about that statement, then it meant it to be made. I wonder what the Prime Minister's comment would be at this moment in view of that particular situation where previously he gave the categorical statement that the dam under the circumstances of that adverse report would not be proceeded with. I think that is a fair question. I do not think that I am going to go into the rest of this article. As a matter of fact, the minister picked out from it those parts which, I presume, in his opinion were on his side of the argument and took, as it were, my feet from under me somewhat by advancing them first. That is an old trick and a perfectly legitimate one.

Mr. Martin: It is not a trick.

Mr. Knight: The minister knows all about tricks. In case the record would not get it, the minister of—what is it?

Mr. Martin: The hon. member should be interested enough to know that.

Mr. Knight: It is the Minister of National Health and Welfare, and as to him may I say that I will stick with Shakespeare and say that there are no tricks in plain and simple faith. There is no one who knows more about tricks than does the Minister of National Health and Welfare and there is no one who can get up here and do a better job of twisting things a little bit and making them look a

little bit different. I would not say whether he or the Minister of Agriculture is more adroit at that particular feat.

Mr. Martin: That is a compliment that I take with great satisfaction.

Mr. Knight: Personally I much prefer the method of the Minister of Agriculture who is accustomed to use a club. Faced with the choice between the club of the Minister of Agriculture and the stiletto of the Minister of National Health and Welfare, I will take the club of the Minister of Agriculture.

Mr. Martin: The hon. member is partial because he comes from Saskatchewan.

Mr. Knight: Let the minister make his own speech. If he is going to justify this thing about the Saskatchewan dam, I shall be pleased to hear from him in due course.

It is interesting that the Ottawa *Journal* would pick up these particular quotations from statements of the minister, or alleged statements, if that phrase suits the minister, as they appeared in the *Star-Phoenix.*

All this comes to mind upon our reading an interview which Mr. James Gardiner,—

He might have called him Hon. James Gardiner.

—the Minister of Agriculture, gave last week to the Saskatchewan *Star-Phoenix.* Mr. Gardiner told that newspaper that the government "has forgotten all about the report of the royal commission on the South Saskatchewan river", . . .

Mr. Gardiner: Mr. Chairman, just to keep the record straight, may I say that I did not say any such thing.

Mr. Knight: It is here. I have these little quotation marks. These things in quotation marks are here. The minister does not like them. However, what we find here is this:

Mr. Gardiner told that newspaper that the government "has forgotten all about the report of the royal commission on the South Saskatchewan river", proceeded to make clear that he did not share in this lamentable lapse of memory. Mr. Gardiner, in other words, was disagreeing publicly with his cabinet colleagues on a matter of major policy—voicing dissatisfaction with their conduct.

I myself do not agree with that. I think he went too far. The editorial continues:

Whether Mr. Gardiner is right in remembering or his colleagues right in forgetting, is not here the point. The relevant thing is: What about collective cabinet responsibility? Has it been thrown into the discard, looked upon as a useless relic of the days of Melbourne and Laurier?

That is pretty well the extent of the minister's statement at Saskatoon. If the minister with his usual agility can wiggle himself off that hook, I shall be interested to see him do it. There is no one who is better equipped to do it, but I doubt if even he can.

There are so many things one could say about this matter that one does not know where to begin. The minister says the dam has not been promised. He says now that he is in full agreement. He said today that the members of the cabinet were in full agreement with this statement. He did not say that they knew he was going to make it. But he certainly did say that with regard to anything he was doing or saying about this dam, his colleagues knew about it. That is something new. That is a bit of a change from a year ago.

I have in my hand *Hansard* of February 9, 1953 and I am going to take the liberty of quoting a word or two from what the minister said on that particular occasion. I would point out that the occasion is different; and when the occasion is different the minister's statement becomes different. Here we go. It is the matter of making adjustments and balances. At page 1740 of *Hansard* of February 9, 1953 I find the minister reported as saying this, and he is speaking about the government of Saskatchewan and the government of Alberta:

But neither one of those governments has any undertaking, either from myself or from the government of Canada, that we are going to go ahead with those projects.

The reference was to certain irrigation projects in which there was included the building of the South Saskatchewan dam. I now come to the next page, 1741, where I find the minister is reported as saying this:

Well, I am going to tell you this: I do not know any more about who is supporting and who is opposing the project in the government of Canada than you do, and I am going to tell you why. It has never yet been discussed before the government of Canada,—

That was the question of the Saskatchewan dam. Now today I am congratulating the minister on having reached the point where we have got a bit of this collective responsibility and that he has now reached the point where he takes his colleagues in the cabinet into his confidence and says, "As to what I do, they know what I am doing". I am glad that the minister has now committed himself to the idea that the government and, I presume, the Prime Minister, is prepared to go ahead and do something about this construction.

Mr. Gardiner: I did not say what my hon. friend has just stated.

Mr. Knight: May I say quite frankly that I am prepared to accept a statement when I hear it from the Prime Minister of Canada.

I now come to another quotation on the same page, 1741. There the minister says this:

Therefore I come back to the point that the building of the dam never was discussed in council—

I presume that is the cabinet.

—before the 30th day of May or since.

We do make advances with the dam, for it is thirty years since it was first discussed, and in another thirty we may get something out of it. The minister is asked some questions here. The hon. member for Prince Albert was amazed when the minister said that the cabinet did not know anything about this. I am quoting the minister now, as reported at page 1744:

We have not yet discussed it with the province of Saskatchewan since the report is out, and until it is discussed we are not in position to proceed.

Mr. Diefenbaker: Or with the cabinet?

Mr. Gardiner: Or with the cabinet.

So it had not been discussed with the cabinet and it had not been discussed with Saskatchewan. But today we are in the assured position—we are all ready for another election—that the cabinet is unanimous and no doubt they will be doing something about the building of this dam. The Leader of the Opposition addressed a question to the minister and he obtained the same answer. This is at page 1747 of *Hansard*. I have one other little place marked. I did not know that I had these passages marked until I found this old *Hansard* report and it is tremendously useful to me today. The hon. member for Winnipeg North Centre got into the discussion at that point. I quote:

Mr. Knowles: Does the minister mean the members of the government with whom he has not discussed the matter?

Mr. Gardiner: I think I know them as well as my hon. friend does.

Mr. Knowles: But the minister says he has not discussed the question with them at all.

Mr. Gardiner: I have a pretty good idea what they think about most of the matters I am talking about in spite of the fact we have not discussed them.

On that occasion the minister said he thinks he knows what they think about it. I am glad that now we have got a little farther because he said today that he knows not only what they think about it but what they say about it and they are all in agreement about it. Away we go to the races for another year, and the next election.

I could go on, of course, because this subject has been discussed for so long and so much has been put on the record. I have accused the minister, I have indicted him for making contradictory statements, and probably in that case it is my responsibility to prove I am right in my assertion. I am going to give you a quotation from one more speech that the minister made at Southey, Saskatchewan. The press report reads:

Agriculture minister Gardiner told an election meeting last night . . . etc.

I really need to read only the relative part.

This work for irrigation could be started as soon as the need for employment arose after the war.

Here we are today with more than 500,000 men out of work, and no public works shelf. We heard about a public works shelf back in 1945, but the goods have gone off the shelf now. There is not any shelf. This work for irrigation could be started as soon as the need for employment arose after the war, says the minister.

In addition the minister told of a large program for which the plans were only partly drawn, costing $110 million in Alberta, Saskatchewan and Manitoba. It would involve a dam on the Saskatchewan river near Outlook, Saskatchewan.

I might have said that speech was made at a political meeting in 1945. The *Leader-Post* commented on that speech in an editorial as follows—I am sorry but I cannot say what the minister said. All I can do is stress these quotation marks that are here. The editorial says:

All in all, it was a valuable as well as a provocative speech which Mr. Gardiner made. What he told the three provinces and the people of the three provinces in a word was that the federal government does not need any more urging. It already has both the intention and the authority to go ahead on the four major water conservation projects named.

May I point out in that regard, too, that one of those things was the Outlook dam. There is a lot more of it. Here is something a Liberal M.P. said speaking at Kindersley. The press report states:

He stated that he had secured assurances—

I would not know where.

—that one hundred and eleven million dollars would be available for the proposed scheme.

Then, the *Leader-Post* of April 27, 1946, under the title "Saskatchewan dam assured", carried the following article. I shall read only the third paragraph.

The dominion government thus did not need the endorsation of the South Saskatchewan river development association to begin work on the South Saskatchewan river. It had already decided to go through with it.

I will give you another one. This one is a speech made by Mr. Gordon Ross, and perhaps we cannot hold the minister responsible for what he said. The press report states:

Tenders will be called shortly for the much discussed South Saskatchewan irrigation scheme, J. Gordon Ross, Moose Jaw, intimated at a Liberal nominating meeting here Wednesday.

As a comment I would say that would be a likely place for such a statement to be made. The date is May 23, 1946. The article continues with the following in quotation marks:

"The scheme has been worked out; much of the engineering has been done and before long some contracts will be allowed", Mr. Ross said, "and a start will be made as soon as men and equipment are available."

Well, that is that. As for the expenditure, I noticed that in his speech today the minister emphasized that this was not largely an expenditure by the dominion government, but after all the provincial government was going to pay for a lot of it. The federal government would only have to build the dam and then look after maintenance. There was not a word of that before 1951. In all those old election speeches that I recall there was not a word about it. The minister never said anything about Saskatchewan participation when he spoke in the Technical school in Saskatoon back in 1944 at the time of the provincial election. He said, "We will build this dam", and he mentioned the sum of $110 million. I see the minister is ready to get up and tell me that some of that was for Alberta.

Mr. Gardiner: I will not bother you.

Mr. Knight: Thank you.

Mr. Gardiner: You are doing yourself enough harm; I do not need to bother.

Mr. Knight: When I made a speech in 1952 similar to this before the election the minister told me to keep right on going because I was hanging myself. The minister said that in the city of Saskatoon he had a lot of friends and I would be doing myself a lot of harm. Well, sir, I took that risk and the Minister of Agriculture was one of the five cabinet ministers who came to my city before the election. May I point out to him that I am back here now and returning his kindly visit.

Mr. Nicholson: With a bigger majority than ever.

Mr. Knight: Never mind the majority, but it is a larger one and one that shows a one to one correspondence in thousands to the numbers of cabinet ministers who visited our city.

It was only in 1951 that we were astonished to find, after we came back after the election, that Saskatchewan would have to help finance this scheme. The figure the minister mentioned then was the sum of $33 million for the province and that has been increasing since. It was boosted to $45 million, and at the moment I do not know where it is, but the Saskatchewan government is going to have plenty of responsibility in regard to the building of that particular project.

Now, our people are getting a bit angry about this. I do not know whether the failure of this government to do anything about the project had anything to do with the results of the last dominion and provincial elections in Saskatchewan. I believe the minister would at least admit that in those elections his party was none too successful. I believe I shall leave it at that. After a while you get tired of being promised these things. You get tired of these deviations and these twistings. Even the *Star-Phoenix*, which is a good newspaper and usually leans quite heavily on the Liberal side, does not like these things.

Here is a clipping from the *Star-Phoenix* of April 29, 1953. It is headed "New Deal on the Dam", and reads:

Mr. Gardiner's suggestion for a new deal on the South Saskatchewan river dam cannot be taken seriously.

Have we got to the point where the senior Liberal member and cabinet minister for Saskatchewan cannot be taken seriously? If so, I think it is too bad. I should like to be able to take seriously the words of any cabinet minister. This article goes on:

He has been making speeches about the dam throughout the country ever since 1946.

I could correct that, for it was a lot earlier than that. I am not going to go into this matter any more, but the article concludes by saying:

Mr. Gardiner cannot escape announcing a federal policy—

That is all they know about it, they underestimate the minister.

—for the South Saskatchewan river by raising additional questions. The reception which the people of Saskatchewan gave to the report of the royal commission should have been enough to tip him off that the people of this province are in earnest about getting some irrigation developments started long enough before the next drought to do some good. Moreover, the Saskatchewan River Development Association is not leading a delegation to Ottawa this week to be confronted with a new set of conundrums—

That is not my word.

—designed to get Mr. Gardiner or the federal government off the hook. We want to know what the federal government proposes to do about the Outlook dam.

And I want to know; and I think everybody else does, and particularly everybody else who lives in that particular section of the country.

Well, sir, I did not intend to say nearly as much as I have said; but maybe it is a good

thing that someone should draw attention to these statements. The minister goes out to the west and makes statements. Then he comes back and, in his usual manner, he explains them away in the house—"I meant this" or "I did not mean this" or "the reporter put a comma in"— the last time it was a comma. Do you remember the famous comma? Today it is quotation marks he objects to. And let me say if I were accused of making that statement, I would object to the quotation marks too.

I think we should have some forthright statement. I give the minister credit for wanting to have the dam. I believe he does want it. But let us know what the state of affairs really is. The Prime Minister says one thing at a meeting in Regina and the Minister of Agriculture says something else at Saskatoon. Then he comes here and says something which I, at least, interpret as being different.

Either we should drop this thing as a political dodge or we should build it. Preferably, I am in favour of building it. Meantime, if you cannot build it, then be honest about it and say so. The minister will say, of course, "I was honest and said so". He has already quoted passages to that effect. Well, what are we to take from these quotations? The minister goes out and makes these statements. They are given to us in quotation marks. If it is true that this cabinet has now decided to ignore the commission's report on the dam, then that is a cabinet decision. What is that cabinet decision? Is the cabinet decision that the dam is to be proceeded with? If it is to be proceeded with, is it to be proceeded with forthwith? Let us know.

Let me finish this speech by saying, as I said to my friend the Minister of National Health and Welfare: There are no tricks in plain and simple faith.

Mr. Blackmore: Mr. Chairman, although I am an enthusiastic supporter of irrigation and a supporter of the Saskatchewan irrigation scheme—when it is finally determined just what is the best scheme, and who is going to pay for it—I do not propose to follow the previous speaker in respect of his general theme.

I would like to join with those who have already spoken in expressing our rejoicing that the minister is back, and that he is rapidly recovering his old fighting form which, I am sure, all hon. members have greatly enjoyed, even though at times they may not have rejoiced over the things he was saying or what he was doing. But we do want to have him back and in a condition to say those things.

[Mr. Knight.]

There is another reason I am glad the minister is not going to be eased out of the house by the hospital route, and that is this, that of all the men in the cabinet who have spoken in respect of the question, the Minister of Agriculture has manifested the greatest degree of forward looking in the matter of the disposal of our surpluses—getting them out of the country. The minister will correct me if I paraphrase inaccurately what I believe he said on one of his trips. As I recall it he said, in effect, that if we cannot devise means whereby we can get our surpluses into the hands of those who need them, then that fact must indicate that we are deficient or lacking in ideas.

The minister indicated clearly to me, and I believe to those to whom he was speaking, that in his opinion it was possible for us to get our surpluses into the hands of those who need them, regardless of whether or not they had anything to pay in return. And I would gather there was an implication in the minister's remarks that an obligation was imposed upon us to exert ourselves in an effort to solve that problem.

It was almost like a spring in the desert to find those words coming from the Minister of Agriculture, a minister in a Liberal cabinet at Ottawa. I am glad to see him back. I would encourage him to go straight along that line, and he will find me right behind him when he does.

I enjoyed the minister's review of the position up to the present time, although he did not tell us a great deal. He did give a few facts. I am not sure however that they were related generally to our whole problem. They did not give us any definite idea as to what we could expect in the future in relation to the stability of agricultural conditions in our country—and that is something we are all looking for, including the minister. I think it is fitting that we should lay down for ourselves some general principles in agriculture upon which we can go forward.

No one in the house needs to be told that the backbone of this nation is agriculture. If we allow our farmers to be impaired in their efficiency and in their effort to produce the needs of life, we shall seriously weaken the whole economic fabric of Canada, right from the foundation. We shall destroy the confidence which in these days of great anxiety is of much importance. To illustrate, all we have to do is to remember what happened to farmers a few years ago in the matter of hog production. They were preparing themselves to produce hogs to fill further orders, and suddenly the bottom fell right out of the market, and all the producers

of hogs in the west were, as they have expressed it, burned. Most farmers sternly resolved, in most emphatic language, that they would never touch hogs again.

We do not want that kind of condition to develop again in the west in connection with any agricultural product, because by the time the farmers recover their confidence it may be too late. As everyone knows we are in dangerous times.

Now, the principles in which Social Crediters believe are, I believe, the same as those in which all other people believe, so far as farming is concerned. The first of these is that the price of farm products to farmers must not be permitted to fall, except in accordance with a general corresponding fall in the prices of all items entering into their costs of production. For hundreds of years economies and governments have succeeded in making farmers take the rap when an endeavour was made to bring prices down in a country. I hope that we are too enlightened in this age to attempt to do that any more.

I have said on the floor of this house that prices of certain commodities had to come down. I did not mean they should come down while the cost of production stayed up. That is the first general principle. We should like to know whether the minister agrees with that and whether his department is to be guided by that principle and whether there is to be one hundred per cent backing of him and his department in the cabinet at Ottawa in the advocacy of that principle. If there is, we shall support it, the minister, his department and the government in respect of agricultural prices, and so will the people.

The second great principle is this—I am not sure everyone will agree with this, but the minister will come somewhere near agreeing with it I believe. We should have capacity production of all non-perishable foods, capacity both in respect of variety and of quantity. This is no time to begin to cut our production in reference to any of the needs of life. I believe every hon. member agrees in that respect. Well, if every hon. member agrees in that respect, let us put pressure on our government to see that they live up to it—and we can do it. The Liberal members can do it and they will have the opposition behind them in that wholesome endeavour.

The third principle is that all of the non-perishable foods ought to be stored on the farms in storage facilities accepted by government inspectors. There is altogether too much danger in this world today to have our great storehouses of food built in places like Fort William where a lucky bomb could blow the whole of a season's supplies right out of existence.

Mr. McIvor: It is a great place in which to live.

Mr. Blackmore: Yes, it is a great place to see everything blown to the sky. I noticed that as I was coming by, just the other morning. They have even made those great elevators white so the enemy can locate with greater ease. I ask any hon. member whether he thinks it is safe to have this nation storing food all in such conspicuous and readily accessible concentrations as that. No one will say it is any longer safe.

There is another important matter, and that is as regards the elevators in which we store grain all over the prairies—it is easy to detect and destroy them. As a matter of fact, as the hon. member for Peace river says, they are landmarks. Imagine what a merry time a flotilla of bombers that happened to get over our guard coming in from the north would have just utterly demolishing every one of those concentrations of elevators at every important point clear down Alberta's length and breadth, from the Peace river to the United States border. Similarly with the Saskatchewan elevators; with just one blow they could knock down seven, eight, nine or ten elevators all in a row. Think of what likewise could be done in Manitoba. It is easy enough for us to be supercilious about this matter and smile, but there will be no smiles if the thing happens. There would be nothing but dismay. Let us remember that that thing could happen to you and me within the next year. What are we going to do about this? Are we to be just sitting ducks inviting the enemy to come, or are we going to do something about it? All of this indicates, in my judgment, that we should adopt forthwith a policy of storage on the farm.

The fourth principle which I think is very important is this. Let us expand our production in purposeful teamwork with the British commonwealth and the United States. I do not know what has happened to the British people and the United States people within the last ten or twelve years. We seem to have got the idea that there is no security, there is no validity in anything British or Anglo-Saxon any more. It has got to be international, or it has no virtue. Let me warn hon. members that in my opinion we shall live to see, and we shall not have to live very long, the United Nations crumble as we saw the league of nations crumble.

Mr. Ellis: You will help them.

Mr. Blackmore: I am not going to help them. Let us have a little sense. I am just warning that this thing could occur.

Mr. Hollingworth: Does the hon. member who is speaking think that the methods of Senator McCarthy conform to Anglo-Saxon traditions?

Mr. Blackmore: If the hon. member will bring his question up in an appropriate place where we can deal with it then I shall deal with him until he wishes he had never brought it up. It has nothing in the world to do with what we are discussing at the present time, and anybody who brings it up is just plain cheap. He is not thinking about the big problems in the country at all. Any person in this house who would be cheap in these times is just not fit to be here. That is my opinion, and I will maintain it right to the limit, and I think the hon. member will when he gets outside and thinks it over.

Let me say once more that we should develop in co-operation with the British commonwealth. You can count on the members of the British commonwealth; you can count on Britain. We have always been able to count on her, and I would ask you, what other countries can we count on, outside of the United States? Let us be realistic and pay a little more attention to the British commonwealth.

The Deputy Chairman: It being five o'clock the house will proceed with the consideration of private and public bills.

PRIVATE BILLS

SECOND READINGS—SENATE BILLS

The Acting Speaker (Mr. Applewhaite): There are several divorce bills on the order paper, Bills Nos. 423 to 440, inclusive. Is it the consent of the house that they should be taken in one motion?

Some hon. Members: Agreed.

Bill No. 423, for the relief of Mary Joy Thomson Asselin.—Mr. Hunter.

Bill No. 424, for the relief of Ronald Arthur Leslie.—Mr. Hunter.

Bill No. 425, for the relief of Lucienne Saint-Laurent Calve.—Mr. Hunter.

Bill No. 426, for the relief of Roberta Barbara Shvemar Feigelman.—Mr. Hunter.

Bill No. 427, for the relief of Pearl Marie Neil Lane.—Mr. Hunter.

Bill No. 428, for the relief of Marjorie May Price Amory.—Mr. Hunter.

Bill No. 429, for the relief of Marie Jeannette Laure Lafreniere Lucas.—Mr. Hunter.

Bill No. 430, for the relief of Frances Goldberg Glegg.—Mr. Hunter.

Bill No. 431, for the relief of Thelma Nellie McKeage Patrick.—Mr. Hunter.

Bill No. 432, for the relief of Madeleine Roy Julien.—Mr. Hunter.

Bill No. 433, for the relief of Louis Tothe. —Mr. Hunter.

Bill No. 434, for the relief of Joseph Delphis Guillaume Delorme.—Mr. Hunter.

Bill No. 435, for the relief of Nicolas Joseph Ladislas Barath.—Mr. Hunter.

Bill No. 436, for the relief of Ferencz Gyula Babinszki.—Mr. Hunter.

Bill No. 437, for the relief of Beatrice Alexandra Duff Sheppard.—Mr. Hunter.

Bill No. 438, for the relief of Remi Charbonneau.—Mr. Hunter.

Bill No. 439, for the relief of Kathleen Florence Pippy Hayward.—Mr. Hunter.

Bill No. 440, for the relief of Fred Skiffington.—Mr. Hunter.

The Acting Speaker (Mr. Applewhaite): The business under private and public bills having been exhausted, the house will revert to the consideration of the business interrupted at five o'clock.

SUPPLY

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

DEPARTMENT OF AGRICULTURE

1. Departmental administration, $432,490.

Mr. Blackmore: I had been dealing with four principles that I had laid down as being desirable in respect of our agriculture. I was urging that we keep our eyes on the British commonwealth and the United States. If others then wish to fall in line, very well, but if they do not, our foundations are not going to crumble because they fall out of line. We can be great and powerful and accomplish the mission that the Lord intended us to accomplish without having any serious complications with peoples other than our own and I do not intend any offence to anybody else.

In my judgment the fifth principle is this: Let us aim to produce for our own adequately, and then some for our neighbours. Let us be conscious of that all the time. If it is flax, if it is sugar, if it is wheat, if it is any one of all the essentials of life, let us produce adequately for our own, make ourselves as nearly self-supporting as possible, and then produce some for our needy neighbours. They are going to need all we can give them.

I have in my hand a letter dated April 23, 1954 that I have just received from the North American regional office of the food and agriculture organization of the United Nations. There are passages in it which I believe we should contemplate once more and see if we cannot do something about the situation. Speaking of the food supply, here are some of the words:

> However, global estimates tend to give a favourable impression, obscuring the fact that because of great differences in production between regions and countries, people in many areas have still less to eat than before the war, especially in the Far East.

Speaking of the 1953 report which has just come out, the letter has this to say:

> This report gives two outstanding features of the current world food situation. One, the vital necessity of raising productivity, per man and per hectare, in the underdeveloped areas. The other, nothing less than the sheer magnitude of the world food problem as a whole, still not properly appreciated in many countries. Whatever standards are taken, some 70 per cent of the world's people are living below the present average world diet. To raise their diet to that average, itself far below the best fed countries' level, would take an additional food supply equal to the total 1952-53 production of North America and Oceania combined.

In the light of that I ask any member in the house: Can you conceive of its being a sensible thing for us to limit our production of grains and non-perishable foods like beans, corn, flax and so on? The letter continues with this quotation from the report:

> "Compared with the real human needs of the deficit countries, as distinct from what they can afford to buy, food stocks now accumulating shrink into insignificance. Whatever supplies are shipped to those countries, whether in the normal way of commerce or as gifts or loans, can do no more than alleviate their real needs. A basic improvement", the report says, "in their food supply, must come primarily from a steady increase in their own production. To help forward this improvement is the main task of FAO."

I offer this comment on the letter. I have had the impression ever since we began forming these FAO's and all the rest of them that there has been an unreality about their performance. FAO, for example, is designed to supply surpluses from one country to another, but somehow or other it never enters into the minds of those in the organization concerned with planning and operating that the money has to come from somewhere. Money is the thing that counts in these matters. The result is that FAO has been just about as valuable as a fifth wheel as far as actually getting anything done in the world is concerned.

They tell me that the world still has fourteen hundred million people going to bed hungry every night. While FAO is all right as an ornament, it might just as well be written off unless we supplement it in a way that will really make it able to do its job. I believe the men in charge want to do the job.

There is another quotation further on in the letter which I think it is important for us to have. It reads as follows:

> . . . and the task of finding some solution to the problem of distribution is one of primary importance.

Of course it is, but I ask hon. members how many times they have heard anyone in this house suggest a means of increasing distribution. Outside of the Social Credit group, who has suggested any means that could increase distribution? I ask them to read the newspapers, the big wise, know-it-all newspapers like the Ottawa *Journal*, the Toronto *Globe and Mail*, the Windsor *Star*, the Montreal *Star* and all the others that can tell us all about how to run everything.

Mr. Knowles: Do not forget the Winnipeg *Free Press*.

Mr. Blackmore: Oh yes. When have they ever said one single word about how to improve distribution? When have they ever done anything except to attack and assail those who did try to offer suggestions? That is a serious matter. I did not name all the offending newspapers, but the pathetic thing is that throughout the nation from coast to coast and throughout the United States this matter of distribution is the one great problem we all recognize but never try to do anything about. Somebody has got to do something about it. And may I suggest that we cannot do something about it if we use only the old measures which have been tried and tried and proved wanting ad nauseam.

Here is another short quotation. The letter writer has been telling about how FAO had referred this particular problem of distribution to a working party—noble little working party; Canada is a member of it! A bright lot of information it will get from Canada, especially if Canada sends the Minister of Finance because he has never offered a suggestion in his long life about how to increase distribution. He will not even listen to suggestions of any kind. I say that right to his face, and I do not blame him for not answering, because I know he cannot answer that point. Neither he nor any other member of the Liberal party has ever made any effective suggestion to this house as to how to deal with the problem of distribution. All they talk about is free trade, but free trade has been tried for thousands of years and has never succeeded yet.

Mr. Abbott: Higher and higher protection.

Mr. Blackmore: That is just as foolish.

Mr. Knowles: Everybody is stupid but our John.

Mr. Blackmore: Everybody likes to get away from the heat, but you don't have to go to the point of freezing. What you want to do is to find the proper place in between—the middle road.

Now this is what it says about this working party which has been working away something like the group of brilliant Canadian men who went to the Bretton Woods conference and signed an agreement. They sat around and listened to a lot of communist spies telling them stories and selling them a bill of goods. They then came back and pretended they had achieved something wonderful. But all they had was a gold brick. But here is what this writer says about this working party:

> The working party was in no position to find a complete solution to this question of surpluses, but they did review and draw up recommendations for several types of special arrangements for surplus disposal, at least in line with existing supplies and to prevent the accumulation of new surpluses.

Now, is that not a bombastic way of saying they did nothing? It is a most effective way of telling people that the working party could do nothing and never will do anything as long as such parties are composed of people who cannot look into the future as the Minister of Agriculture was evidently endeavouring to do when he suggested that if we could not find a means of getting surplus goods into the hands of those who need them there must be in us a deficiency of ideas. Let us get the ideas. They are around and they can be found. Back in 1915 our fathers had the ideas as to how this thing of distributing could be done, and they did it under the finance acts of 1914 and 1923, as I indicated on April 28 in my talk.

And so, there are five things that need to be said about this question of agriculture. First, let us see to it that we do not force our primary producers to take the rap in our endeavours to bring down the cost of living in this country. Everyone knows that the cost of living should be brought down. As I have already indicated, however, we should not force the farmers to bring it down and crush them under the burden, without bringing about a corresponding reduction in their costs which now are becoming so onerous. To suggest that the farmers should carry this burden is an improvident and most fallacious proposal. Secondly, we should work for the greatest possible degree of production of every kind of which this country is capable, and we should concentrate on the production of goods which will not perish such as beans, peas, corn, all the grains, sugar, and the like. Third, we must store these commodities on the farm and provide adequate storage facilities. Fourth, in all our efforts we must work in co-operation with the British commonwealth and the United States. And fifth, we must produce as far as we possibly can all the things we need ourselves and some which are needed by our neighbours, and then see to it that those neighbours get those goods.

The question might be raised as to how we are going to finance all this. Well, I have already said enough about that. In my speech on November 17 I went into that question in detail and I also dealt with it in my remarks on April 28, and I challenge any man in or outside of this house to find any flaw in the suggestions I made. I do not care who he is.

To say that we cannot take from the Bank of Canada money to provide the storage facilities is simply to talk nonsense. If we cannot take that money out of the Bank of Canada then we had better replace the Bank of Canada with the Finance Act of 1923, because under that act they were able to do it. To say that we cannot take the money out of the Bank of Canada to pay the farmers for their grain after it is put into storage is once more to be unrealistic. To say that we cannot take money out of the Bank of Canada to pay the farmer for the storage of the grain while he takes care of it on his farm is once more to be unrealistic. And to pretend that taking money out of the Bank of Canada would cost the taxpayer anything is thoroughly unrealistic. This would apply to all that is required in storing all the different kinds of non-perishable goods which Canada can produce over the next ten or fifteen years. Let anyone who thinks he can answer those statements get up right now and try.

Now, Mr. Chairman, these are the Social Credit proposals in regard to the problems facing our agricultural industry. If we adopt these proposals, and back the Minister of Agriculture in his endeavours to make the agricultural industry of Canada greater and greater in the years ahead, I will guarantee that with his leadership it shall be done.

Mr. Harkness: Mr. Chairman, the minister in his speech this afternoon contended that the farmers in Canada are now in a better position than at any other time in their history. That is a contention with which I think he will find the farmers of this country cannot agree, and certainly the statistics do not bear it out. In spite of that, however, the minister devoted almost all of his speech to an attempt to prove that that statement was true, except for that part which he

devoted to the South Saskatchewan dam. I am not going to deal with that matter.

However, with the aid of a few statistics available to me in the house at the moment, I would like to demonstrate that the group of figures which the minister put on record covering the cash income of the farmers during the period from 1943 to the present time, and which he used with the evident idea of trying to persuade the house and, of course, farmers throughout Canada that they are better off now than ever before, do not prove that at all. As a matter of fact, there are other figures which show that the reverse is the case. The minister dealt with the cash income of farmers over three-year periods and, as I have already pointed out, he did that evidently for his own purpose because if he had put them on the record on a year to year basis it would have given us a much better indication of the amount of income, cash or otherwise, the farmer earned during the past 11 years.

The minister stated that the farmers' cash income for the last two years amounted to $5,574 million. The estimate, including the third year—which would be the year 1954, he must mean—would bring this up to $8,200 million. That means that he has estimated the cash income for farmers for this year, 1954, as $2,626 million. On what basis he has estimated that figure, goodness only knows. Certainly the budget figures that were produced will not bear out any estimate of that kind. In other words, he has estimated about the same cash income as the average for the two years preceding, namely 1952 and 1953; and 1952 was the top year which we have ever had as far as the farmer's income is concerned. Nevertheless, the minister is estimating just about as much as the average of those two years. What they were separately, I do not know. I do not think for a minute that that estimate can be taken very seriously.

When the minister was attempting to do this same thing last year he did not use the figures of cash income. I have here a copy of *Hansard* of April 27, 1953, and this is what he said then as reported at page 4440. He dealt then with the net income of farmers:

> Net income to farmers from the sale of farm products reached a peak of $2·2 billion in 1951. Estimates for the net income received in 1952 are placed at just under $2 billion. There is some indication that this present satisfactory position may be maintained.

In view of that statement, it is interesting to look at the figures produced by the Minister of Finance as to what the net income of farmers was during these past few years. As a matter of fact, the minister was not even accurate in the figures he gave to the house last year; that is, if the Minister of Finance is accurate in the budget papers he has produced, and I am giving the Minister of Finance credit for being accurate in those budget papers.

Mr. Abbott: Thank you.

Mr. Rowe: Maybe they were both wrong.

Mr. Harkness: In this year's budget papers at page 3760 we find set out in table 1 the national income and gross national product. There we find the net income of farm operators from farm production in 1950, and that figure is given as $1,503 million; in 1951 it was $2,106 million. That is the year in which the minister said it was $2,200 million. In 1952 it was $1,934 million and then in 1953 it was $1,667 million. It is getting on toward $300 million less in 1953 than it was in 1952.

I do not think there is anybody here who will maintain that prices are not still falling, that they have not fallen so far this year, that they are not less than they were in a similar period last year, namely, 1953, or that there is not the prospect of their falling, particularly those of grain, from the levels that were secured last year. The chances of the prices being less are great; in fact, prices are almost certain to be less. In view of that consideration, I find it difficult to understand the minister's trying to sell the idea that the farmers are better off than they have ever been before. As far as cash income is concerned, they are less well off or they were less well off in 1953 by the difference between $1,667 million and $2,106 million or in other words approximately $400 million less well off.

In view of these figures which show what the net income position of the farmers is, it is quite certain that the estimate that the minister made of what their cash income is going to be, namely $2,600 million, just is not correct and cannot be correct as far as this coming year is concerned.

In addition to that, of course we have to relate the income that farmers have received to the prices that they have to pay for the goods they buy. They have not heard that there has been any great reduction in the price of farm machinery, fertilizer, binder twine, insecticides or any of the other materials which farmers have to purchase in order to carry on their business. In other words, the cost of carrying on farming operations is just about the same as it has been or has declined very little, whereas farm income has declined considerably.

The statistics which my colleague the hon. member for Brant-Haldimand was using a while ago from the bureau of statistics with regard to the index numbers of farm prices

for agricultural products of course show clearly in another way what is shown by this table about the net cash income. Looking at the figures from year to year, we find it is rather noteworthy that the high point was reached back in 1951 when the index for the price of farm products was 296·8 and that it has now declined, as of January of this year, to 233·2. That is a very serious decline. During the same period, as I say, the prices of the things farmers have to buy have not declined.

A little comparison with regard to farm prices and the cost of the things farmers have to buy is given in the Searle Grain Company's weekly report of October 7, 1953. It states:

> The current index number, compiled by the dominion bureau of statistics, of the costs of the things prairie farmers have to buy for their living and production now stands at 226·4 compared with 100 in 1935-39. This means that it takes $2.26 in the hands of prairie farmers to have the same purchasing power today that $1.00 had before the last war. This, therefore, means that the total payment on wheat so far to be made of $1.72 a bushel has a purchasing power equal to 76 cents in 1935-39. This is for No. 1 Nor. Fort William, but this $1.72 equals only $1.54 to farmers at the average country point, which $1.54 has a purchasing power equal to only 70 cents in 1935-39. The initial payment of $1.40 for 1 Nor., but which at the average country point equals $1.22, has a purchasing power equal to only 54 cents in 1935-39.

In other words when you relate to the actual amount the purchasing power of the money received by western farmers for their grain—for their wheat, particularly—you see that the price that they are receiving for the wheat is a low price. It is not a high price at all. That, of course, has served greatly to confuse the issue so far as farmers are concerned and so far as the people of the rest of this country are concerned. When they see farmers getting $1.78 a bushel for their wheat—if that is the price of wheat—they say that that is a high price. But as I pointed out today, actually what the farmer on the farm is getting is about 70 cents a bushel in terms of the purchasing power of 1935-40 money, and it is therefore looked upon as a low price for wheat.

The Minister of Agriculture went on to deal with certain specific products in an effort to bolster up his contention that farmers are better off now than they were before, and he had something to say about cattle. If we look at the price range of cattle during the past two years we find that, by and large, cattle prices are about half what they were two or three years ago, that is taking all grades of cattle into consideration because the price drop in some of the poorer grades has been greater than that of the quality steers. However, just paying attention to the price of good quality steers, 1,050 pounds, on the Toronto market in 1951, we find they reached a price of $34 per hundred. They remained at $34 a hundred or right around that figure for the most of 1951 and particularly the latter half of it. Then the price dropped and has continued to drop until in today's *Globe and Mail* I noticed they are quoted at $18 to $19 per hundred. The price has been almost cut in half. This is a very serious drop, especially when you take into consideration the lower grades of cattle. We find the price is very little more than half of what it was in 1951.

In spite of this the minister says the farmers are better off under those circumstances. How could a cattleman be better off? He is certainly worse off. In fact, a considerable number of cattlemen have experienced a lot of trouble, particularly those who bought cattle at the high prices that prevailed in 1951, and have had to sell those cattle at these lower prices.

The minister dealt with the question of hogs. He professed himself as quite satisfied with the cattle picture, and said we had better markets at home and in the United States than we could get anywhere else in the world, so everything was all right. The fact that we may have better markets at home or receive bigger prices at the moment for what we are producing now than we would receive anywhere else in the world, is perhaps a matter for some satisfaction. Nevertheless it is not much satisfaction to the man who is only getting half as much as he did two or three years ago. Certainly, that man is not nearly so well off.

When we come to the question of hogs, we find the price is quite high now and has been for the most of the past year. The reason for the high price of hogs is to be found in the machinations of this government. The policy of this government that led to maintaining grain prices at unduly high levels is partly responsible, as is the announcement that the floor price would be cut off. This encouraged the farmer to get rid of hogs as fast as he could. As a result there was a cleaning out of hogs about a year and a half ago at a time when they were selling for around $20 or $21 a hundred. They are now up to $34 or $35 a hundred.

At that time many people got rid of sows which were due to farrow, so an artificial scarcity of hogs was created. This artificial scarcity is a direct result of the policies pursued by this government. The minister expressed great pleasure over the fact we were not producing more pork than we could consume in Canada. The inference is that we do not need the large overseas market for

bacon and pork products that we enjoyed for many years. We can eat everything we produce. The only reason we can eat everything we produce in the way of pork is that the policies followed by this government have created a scarcity. We could produce a great deal more pork than we are producing.

If we were doing so we would not have the difficulty we are having now with the large surplus of grain. The destruction of the hog industry in this country, as a result of the policies pursued by this government, is responsible for quite a bit of the surplus grain we have. If we had maintained our overseas markets for these pork products, particularly for bacon in Great Britain, we would be producing a great deal more pork and the hogs would have eaten up a great deal of this grain. In other words, the policies this government has followed have aggravated and aggravated these various farm situations.

Now the minister had something to say about the butter situation. He believed there was nothing to worry about, but I would think there is likely to be quite a bit to worry about. I notice that the National Dairy Council of Canada is getting quite worried. Every week or two they send me a lot of literature in connection with the matter, pointing out the very large surplus of butter we have on hand at this time as compared with other years. This particular circular is dated April 30, 1954, and it shows the stocks of butter on hand as of that date. There were 45·6 million pounds on hand, and the circular lists the stocks of butter on hand as at that date during the years from 1932 to 1954. The stocks this year are the highest we ever had. In 1950 there were 28·4 million pounds and last year there were 27 million pounds. The other years are down to 5, 11, 6, 12, 9, 11, 6, and so on. That was all the surplus butter there was at that date. We are holding this large amount of butter at a time when we are just entering the butter producing season.

The minister believes there will be no difficulty about it, but I do not know. He said the government might suffer a small loss. So far as I can see the only way they are going to get clear of this surplus is to sell it at practically give-away prices. If that is done the people of this country will probably have to add a considerable amount of money to the government fund.

The minister devoted a certain amount of time to the wheat situation. He stated that the marketing this past year has been close to usual. I do not know just what that means, but certainly if the figures on the disappearance of grain mean anything—and I think that is the only thing we can look at—then the disappearance for this past year has been quite small in comparison with other years. I have not the figures here, but I looked at them yesterday and the disappearance for this past six months has been considerably below normal. If the minister is talking about the whole year 1953, that is a different matter.

So far as the past six months are concerned there has been a considerable slowing up in the sales of grain. The minister went on to say that the large amount of wheat we had on hand was due to the large crop we had during the past three years. He said that we now have a year's crop on hand. As a matter of fact we have on hand considerably more than a year's crop. The biggest crop we ever had was two years ago when we had 664 million bushels. We now have on hand, according to the best estimates I can secure, about 741 million bushels. The minister said that if the sales of wheat continue about the way they have in normal years and we have a normal disappearance, everything will be all right.

Well, everything will not be all right. As a matter of fact, if we did not grow one bushel of grain next year, and just the normal disappearance took place, we would still have a very large amount of wheat on hand—far too big a carryover. If we grow only a small crop next year, then by this fall again we will have an enormous carryover. As a matter of fact, if we grow another good crop—and if one may judge from the present weather conditions there is every prospect of another good crop this year—we are going to be in an almost hopeless situation so far as storage facilities for grain are concerned. We will be in a position where there will not be room in the elevators for anything like the amount of last year's crop, and there will be no room whatsoever for this year's crop. Therefore I presume there would be no opportunity to deliver any of the new crop.

So the wheat situation in Canada, particularly from the point of view of making delivery of the wheat stored or on hand, is extremely serious. I do not think the minister is doing the farmers in this country any service when he attempts to minimize that situation. Instead of that, the minister and other members of the cabinet should be making plans right now for the handling of next year's crop, so far as storage is concerned.

Many farmers will not be in a position to buy lumber to build granaries, and there should be some payments to the farmers who have grown the crops so they can carry on their farming operations. These are extraordinarily pressing problems, and the government should be taking steps right now to

meet them, instead of sitting with folded hands hoping that the best will happen, or probably that there will be a crop failure, or something of that kind. Because, unless the government is hoping for a crop failure, there can be no logic whatever in just sitting and doing nothing.

There is no use closing our eyes or attempting to deceive ourselves by blinking at the truth, because the general situation is considerably poorer than it has been for a number of years. It is just the exact opposite of the picture the minister tried to give us today. For several years he was in a very happy position, because every year prices were going up. That happened for some time after the war, although there was a setback in 1950. But, apart from that, prices went up year after year; and year after year he came into the house and said that things were better this year than last year, that there was more money in the farmers' pockets, and so on. There had been some recession last year from the high of 1951; but this year it is certainly ridiculous to say that the condition is better, or to attempt to fool the House of Commons and the farmers of this country.

Instead of that the minister should face the situation, because it is a serious one. On behalf of the government he should state what they are prepared to do to solve some of these problems.

Mr. Ellis: Mr. Chairman, I was interested in the statement made this afternoon by the minister regarding the South Saskatchewan dam. However, I must confess to some disappointment in what he said. He left the impression with us that while he and the government had not done anything toward building the dam, since they had not done anything against it we should therefore be satisfied. I am afraid that proposition will not find general acceptance among the many people of Canada who are looking forward to the commencement of work on that project.

Like the hon. member for Saskatoon, I am particularly interested in the South Saskatchewan development because I represent a city which over the last few years has grown by many thousands in population. It is a city that is vitally dependent upon the agricultural prosperity of the surrounding country. I realize that there is nothing that will contribute as greatly to the economic well-being of Saskatchewan as the building of the South Saskatchewan dam. The minister has pointed out on many occasions what this dam would mean not only to the farmers directly concerned but also to the hamlets, villages and cities of Saskatchewan.

I would like to feel that this is a matter of national importance. I suggest we should rid our minds of any thought that this is a project that will affect only a small part of the country because, after all, agriculture is the basic industry in Canada. I believe that in Saskatchewan we have almost forty per cent of the cultivated acreage of Canada. Certainly we do possess a great part of Canada's farming land. The welfare of any one part of Canada is reflected in the welfare of the country as a whole.

The Prime Minister has intimated the national importance of this particular project. On June 28, 1952, speaking about some of the projects then being considered in Canada, one of which is nearing completion —I am referring to the Canso causeway—and also referring to the St. Lawrence seaway project, he said, as reported at page 3945 of *Hansard* for that year:

> The third project was the South Saskatchewan river project. This is of particular interest to the central prairies, but it is also of interest to the whole of Canada to have Canada developed in such a manner that there will be no depressed areas in this country.

We know that one of the projects to which he referred is now nearing completion. We have had repeated assurances that a start is going to be made on the St. Lawrence seaway project. And I want to say I am certain that members from all parts of Canada welcome the building of that seaway. I am certain all members from my own province are pleased to see works of public importance, whether they are being constructed in the maritime provinces, Quebec, Ontario, British Columbia or anywhere else in Canada. We have to view this situation in a national sense and recognize, as the Prime Minister pointed out, that the South Saskatchewan river dam project is something that is not just primarily for the benefit of the people living in that geographical area, but something which will contribute greatly to the economic well-being of Canada.

It is not my intention to go into the detailed history of this project. In previous years the matter has been dealt with by various members when speaking in the house. But I do remind hon. members that the project will accomplish two purposes: First of all it will offer some insurance against conditions which existed in my province only a few years ago, a period of time during which a good percentage of our people were on relief. We suffered from practically every unfortunate occurrence nature could inflict upon us—drought, soil drifting and weed infestation. We know during that time the serious condition that existed in the livestock industry. We know many animals were lost, while some

were shipped to community pastures. We know about the great quantities of hay that were moved into Saskatchewan.

All that is history. But we should remember that these conditions could very well return. As a matter of fact we know that in 1945, 1947, 1948 and 1949 hay was shipped to Saskatchewan from points in Alberta and Manitoba, in some cases at a cost of $10 a ton. We know those conditions have occurred in recent years; and we have no guarantee that nature is going to smile on us in the future so far as rainfall is concerned, or that we will be spared the disastrous drought conditions that are being experienced in certain states of the union to the south of us. There is no greater method of protecting and insuring against a national calamity in the particular area such as that than by the building of that dam.

Apart from the negative aspects of the building of the dam, a great contribution of the building of the dam would be to Canada, not just to the geographic area of which Saskatchewan is a part, but to the dominion as a whole. Without going into any unnecessary detail, Mr. Chairman, I just want to summarize as briefly as I can and suggest that this project, as the hon. member for Saskatoon has pointed out, was initially a federal project. I recall the minister making statements.

I always enjoy listening to the minister at a political gathering. If he is speaking at a meeting within a reasonable distance I usually make an effort to go to hear him, and I recall his speaking in glowing terms of what the construction of this dam would mean to Saskatchewan and to Canada as a whole. I recall that all during that time there was no suggestion at all that this was to be a joint project; it was going to be a project built by the federal government. Then, after many promises had been made during the 1945 campaign and in 1949, which the hon. member for Saskatoon quoted. In 1953 we heard similar statements. The Regina *Leader-Post* of June 23, 1949 is reported as quoting the minister as saying, as may be found in *Hansard* of February 9, 1953 at page 1769, as follows:

> The South Saskatchewan project would provide power and encourage building of industries in small towns, provide an incentive for young people to stay in this province. "I think we have made a fairly good start now," said Mr. Gardiner; "send us back to complete the job."

In the last campaign we had similar assurances given on behalf of the minister. I hold in my hand a clipping which appeared in the Regina *Leader-Post* of July 14 last headed: "Liberals certain to construct dam." The article continues:

> Agriculture Minister J. G. Gardiner said Monday night that he was sure the South Saskatchewan river dam would be built by a Liberal government if the government were left in power long enough to permit the usefulness of the dam project to be proven by its advocates.

I realize that the minister couched his language perhaps a little more cautiously than the statements he previously made, but the inference was definitely left. In particular the inference was given in the heading of this news story: "Liberals certain to construct the dam". I suppose we have ourselves to blame to some extent. We ought to know that when Liberals promise to do something—

Mr. Gardiner: It will be done.

Mr. Ellis: —it may go on for twenty or thirty years, just as we have waited for health insurance since 1919. I do not think we should be too optimistic, but I do feel the minister gave the assurance to our people repeatedly that this dam would be built and suggested at the outset that it was to be a federal project. It had nothing to do with the province at all. This was to be a work to be done by the federal government.

We do know the project was definitely promised. I do not think that any member of the government can argue that the Liberal party has not committed itself to the building of this dam over the years. Indeed moneys have been set aside from year to year to carry on the preparatory work of this project. I am not sure what the exact amount is, but I think $2 million or $3 million has already been spent laying the foundations of this project, and just when we felt reasonably sure that the project would be commenced we find the minister reversing the field and pointing out that we will have a dam built when the provincial government gets around to paying its share. That came as a distinct surprise and shock to people in our province.

Mr. Gardiner: I am sure my hon. friend does not want to misrepresent. I have never said that with regard to a provincial government.

Mr. Ellis: I do not believe the minister would deny that press reports have been to that effect. Certainly since the time this dam was first promised back during the 1940's I have never been able to find reports of speeches made by the minister or by Liberal members of parliament or candidates that this dam was to be a joint provincial-dominion undertaking.

Mr. Gardiner: You have not read *Hansard.*

Mr. Ellis: I have read *Hansard.* The hon. member for Saskatoon quoted quite extensively from the debate on this matter which was quite prominent on this whole question. I will agree that perhaps the minister may make statements which he later interprets in his own way, but I suggest that even though the minister may interpret the statement to mean one thing, the general impression given to the reading public is another thing. But suffice it to say that the general impression prevailed throughout the province that this was to be a federal undertaking.

Mr. Gardiner: That is not the point that I raised. My hon. friend said that I was laying blame on the provincial government for some things they were doing. I have not done that at any time.

Mr. Ellis: I hope I was not exactly laying the blame. I do suggest that this was what was intimated: We are prepared to go ahead with it with the provincial government; we talked it over with the provincial government and they are prepared to state how much of the cost they will pay. That is using the most general terms. When the project was then put in a different light the provincial government moved quite swiftly to assure the federal officials that the provincial government was quite prepared to co-operate to any reasonable extent in the pursuance of this particular project.

The Deputy Chairman: I am sorry to interrupt the hon. member. It is now just about a minute and a half to six o'clock. I understand that the Minister of Finance wishes to table a report which must be tabled today.

At six o'clock the committee took recess.

AFTER RECESS

The committee resumed at eight o'clock.

Mr. Ellis: When the committee rose at six o'clock I was discussing the change in the nature of the proposed South Saskatchewan dam. I had pointed out that over a period of some years the dam had been promised by the minister and his followers in our province, and that at that time there had been no intimation whatsoever that this was to be a joint project between the federal and provincial governments. Then we were confronted with a new development when the minister made it known that the federal government would be prepared to proceed with the dam if and when the provincial government was prepared to take some part in the building of the dam.

As I pointed out, this came as a distinct shock to people generally of all political parties because up until that time there had been no suggestion that the federal government considered it anything other than a strictly federal proposition. Not only did this change take place but the minister went the full circle last year because, when speaking at Indian Head just prior to the last election, he suggested during the course of his remarks that if the province wanted the dam built it should go ahead and build it and that it was primarily their responsibility.

Far from being a federal responsibility, it was first of all said to be a joint responsibility and then the minister went so far as to say that it was primarily a provincial responsibility. If he really believes that I would draw his attention to the fact that from 1934 to 1944 there was a Liberal provincial government in Saskatchewan and from 1935 on we have had a Liberal government at Ottawa and if the minister, as he suggested last July, felt that if the province wanted the dam it should go ahead and build it then I suggest he should have made that suggestion to Mr. Patterson who was premier of the province from 1935 to 1944.

Mr. Gardiner: If my hon. friend will permit me, I am sure he does not want to misrepresent the matter at all. He will recall that it was not until 1946 that either the site of the dam or any other matters that made it possible to build it at Outlook were announced.

Mr. Ellis: That is an interesting comment. I have not the information at hand but I think by going through the files I can find references to the dam prior to that time.

Mr. Gardiner: I am not saying there were not references to the dam. The dam was not promised by me but was advocated by me for many years prior to that. I did not promise the dam. I simply advocated that it ought to be located and built.

Mr. Ellis: There is a fine distinction in words there.

Mr. Knowles: Very fine.

Mr. Ellis: The minister says that he did not promise it but simply advocated it. The way the minister can advocate something makes it sound very much like a promise, and while the minister may have felt that he was advocating it I feel quite certain that his audiences were under the impression that he was promising it. This afternoon the

hon. member for Saskatoon was wondering whether the Minister of National Health and Welfare or the Minister of Agriculture was more adept at skirting or avoiding a question or issue. The Minister of National Health and Welfare took that as a compliment.

Mr. Knowles: They both are.

Mr. Ellis: When I suggest that the Minister of Agriculture is a past master at it perhaps he will take that as a compliment. It is a compliment in one sense when one is speaking about political sagacity and adroitness, but viewing the problem from the point of view of those who want to see the job done I do not think it is quite so complimentary.

Be that as it may, the minister interrupted me and said that he did not promise the dam at an earlier date but merely advocated it. I am quite certain, however, that the people were left under no illusion as to what the impression was that he sought to leave with his audiences. With respect to the project itself, may I say that I am speaking of the project as a whole. I assume that the storage of the water was and is even today considered a federal responsibility. Now when the people in the province of Saskatchewan found that the federal government was now going to require the provincial government to pay part of the cost they might well have felt that the Liberals had been kicking this football around for a great number of years, had been advocating the dam, if not promising it—I will use the word "advocate" —and that it was now up to them to put up. They might well have felt that the Liberals had been attempting to win elections on this promise long enough and that it was about time to deliver the goods.

But I am proud of the way in which the people of Saskatchewan viewed the matter. They did not view it from a political standpoint at all. The natural tendency would have been for the people to say that they had been tricked and fooled over the years by the federal authorities and that the federal government was now trying to welsh on their promise to the people. Instead the provincial government took, I think, a very co-operative attitude. They had been under the impression that it was a federal responsibility, but instead of harpings and recriminations, instead of denouncing the federal government the provincial authorities were extremely co-operative. When it was announced that the provincial government would be required to pay a part of the cost they stepped in right away and made an offer to the federal authorities on the basis of what they considered to be their fair share of the costs.

I have here copies of the correspondence which passed between the premier of the province and the Minister of Agriculture. I am not going to refer to it directly because I believe many of these letters were placed on *Hansard* last year by the hon. member for Rosetown-Biggar. However, I think the correspondence indicates quite clearly that the provincial government stepped in immediately and said: All right, we are disappointed that the federal government is not going to treat this as a federal responsibility but the main thing is we want the dam built and we are prepared to bear a share of the cost.

I think the minister will agree that in each successive stage of the protracted and apparently fruitless negotiations that have been carried on over the past several years between the provincial government and the federal government the provincial government has shown its good faith and willingness to co-operate in every detail. I think there can be no doubt on that score. Various objections have been raised from time to time, and I should like to refer to an editorial in the *Star-Phoenix* of July 9 last, under the heading "Blockage Upstream". It reads in part as follows:

> . . . Mr. Gardiner outlined three requirements that would have to be met before the federal government could make a final decision on the project. The requirements were: 1. Interprovincial agreement on the use of the water required for the project.
>
> 2. An offer from the Saskatchewan government which would remove any suspicion that the federal government was subsidizing the cost of the power development connected with the undertaking.
>
> 3. A realistic estimate of the cost of the project, to settle the conflict between P.F.R.A. figures and those contained in the Hogg report.

With respect to the first point, an interprovincial agreement on the use of water was required for the project. It was very interesting last summer just prior to the voting to see the tremendous amount of space devoted in the press in the west to this whole question of getting the right to use water from the Alberta government. At that time, just prior to the election, Liberal speakers were able to go out and say that we could go ahead with the dam but the Alberta government was standing in the way. It was a very fine whipping boy to use just prior to the last federal election though, of course, we know that this has subsequently been cleared up by the announcement that there was no longer any obstacle in that connection. Therefore, point No. 1 has been removed as an obstacle to proceeding with this project.

Now, the second point was the offer from the Saskatchewan government which would

remove any suspicion that the federal government was subsidizing the cost of the power development connected with the project. Here again, the premier of the province in a number of letters to the Minister of Agriculture, and later publicly, announced the provincial government's willingness to pay for the hydro generating plant and pay for part of the cost of the project in order to remove any possibility that anyone in Canada might feel that this project was in any way subsidizing the power users in the province of Saskatchewan. In other words, I think any doubt that might be in hon. members' minds regarding any suspicion of fear that there might be a subsidization of power development has long since been removed.

Mr. Gardiner: Mr. Chairman, just on that point I think if hon. members follow the report which has been read to this house from that particular group they will find that in Saskatchewan last week I stated that the two matters had been settled to the satisfaction of this government, and the point with regard to the part of the cost which the provincial government will pay if the project is proceeded with is still under discussion.

Mr. Ellis: I quite agree with that statement, Mr. Chairman, because I know that in the initial correspondence between the premier of the province and the minister the premier did set out the exact figures. The minister wrote back and suggested that what the federal authorities required was not a set of exact figures but some general agreement to share part of the costs. In other words, the province went so far as to be committed to a definite set of figures which the minister apparently felt was not necessary at that time. While that may be at present under negotiation I think that at no stage, at least up to the present, has there been any reluctance or any unwillingness on the part of the provincial authorities to meet the Department of Agriculture and come to some agreement in regard to sharing the cost. In other words, at no stage has there been any reluctance or unwillingness on the part of the provincial government to share part of the cost in the construction of this dam.

With respect to the third point, a realistic estimate of the cost of the project to settle the conflict between the P.F.R.A. figures and those contained in the Hogg report, I am certain that when the decision to appoint a royal commission to investigate this matter was first announced it caused a great deal of consternation among people, particularly those who had not been following the development of this project. I believe the minister himself is on record as having said some very uncomplimentary things about this report. I am not sure whether his comment was "silly dam report" or "dam silly report", but at any rate I have clippings here, though I do not wish to take up the time of the house in reading them, in regard to various Liberal members who also expressed themselves as being very sceptical or unconvinced as to the need for this commission in the first place.

I am not too sure as to the number of years, but I believe the P.F.R.A. has been interested and has investigated this project for nearly 16 years, and I think we can have confidence in our P.F.R.A. engineers. I do not think any hon. member has suggested that the government is lacking in qualified personnel. These people have been working over a good many years, very often in the field and covering the entire province, and they have a full understanding of irrigation problems within the prairie provinces. They have had considerable experience along these lines as the result of many, many years of research and they have arrived at an estimate of what the dam would cost.

I understand that the original estimate was $101 million, but in view of the intervening years one would have to add the increase in costs which has taken place and I believe this cost certainly would not exceed 30 per cent over that period of time. That would bring the cost of the dam up to about $135 or $140 million, but in any event the P.F.R.A. engineers on the ground who have done a tremendous amount of work in this connection presented the government with a set of figures. The government chose to disregard these figures and set up a royal commission which asked a private corporation, the Mannix corporation, to investigate and submit other estimates. We know that the report of the royal commission was not too kindly received by those who were interested in the project irrespective of their political beliefs, and I am sure the minister himself was not too pleased with the findings of the commission.

At that time the provincial government presented a brief in reply to the royal commission in which it took each item of the report point by point and it makes what I think are critical observations of the royal commission report. I certainly do not intend to deal with this at this stage, but I do feel the points raised by the royal commission have been quite effectively met, although I am suggesting that there might be some disagreement.

I think all those who are interested in the construction of this project will agree it is a fairly accurate estimate of the findings of that commission so that when I read in a newspaper a few days ago that the minister

had stated in Saskatchewan that the government was prepared to forget the report of the royal commission, and I heard the minister's explanation this afternoon in which he said he did not say these things or rather he put his own interpretation upon what he is reported to have said, then I was not at all surprised. The minister is always running into difficulties by saying something and afterwards having to explain what he did say and very often his explanation is at variance with what the average person who heard him in the first place would suggest he said.

Therefore, irrespective of the minister's footwork this afternoon in explaining what he meant in his statements in Saskatchewan, I suggest that the people out there hope that he meant precisely what he said, namely that the government has forgotten about the royal commission report. If that is the case, Mr. Chairman, then indeed the last of the obstacles has been removed. In other words the question of the water rights has been settled as it affects the province of Alberta, as has also the question of the provincial government offering to bear part of the cost. I have not heard any evidence to the contrary and judging from the correspondence between the provincial authorities and the Department of Agriculture that does not seem to be any great stumbling block. If the province is quite prepared to bear a share of that cost, and if the minister says that the government is prepared to forget the report of the royal commission then I suggest that the last obstacle towards the commencement of the project has been removed.

If that is the case then I feel that we should proceed immediately with the construction of that dam because the minister is on record as indicating how valuable a contribution that dam would make to the economy of the prairie provinces and of Canada generally. I think the Prime Minister is also on record. I have noted a couple of quotations in *Hansard* with respect to the debate last spring in which he seems to be quite satisfied that it is not a purely local matter at all but is a project to the general advantage of all Canada.

Mr. Gardiner: In order just to clear the air in connection with the matter we are now discussing, I think that I should say this. When I was here this afternoon I was not as fully informed as I am tonight. I met the provincial government last Saturday and discussed the only matter which is still waiting to be determined before it is again presented to the government here. We discussed there the proportion of the cost the provincial government should take on if the dam is proceeded with. I had a letter this afternoon from the premier of Saskatchewan stating their position in relation to it. I still have to take that matter up with the government. That is a matter that is still standing in the way. I am not saying that the provincial government is responsible for it at all. It is just a matter for negotiation. It takes some time to determine the matter when you are going to spend $60 million or $100 million.

Mr. Ellis: I realize that the minister has information that we do not possess. I mean that, after all, there are negotiations which are being carried on. What I suggested during the course of my remarks, Mr. Chairman, was that up until the present time—that is up to the point that we have knowledge of—the province made its offer right in the letter from the premier of the province. For example, on February 10, 1951, when the premier wrote to the Minister of Agriculture, he pointed out in part:

> Our understanding is that the federal government is prepared to accept full responsibility for the construction of a dam, the estimated cost of which is to be in the neighbourhood of $68 million. It was further suggested that the distribution system at an estimated cost of $19 million and the cost of levelling the land for irrigation, which is estimated at $6 million, were to be the responsibility of the provincial government and the water users who will benefit by this project. It was also suggested that the installations for the generation of hydroelectric power at an estimated cost of $8 million were to be the exclusive responsibility of the provincial government. While this is not the allocation of costs which was suggested when this project was first proposed, if this is the only basis on which the federal government is prepared to proceed with the project, I do not see that we have any alternative than to base our discussions on the allocation which you outlined to us.
>
> My colleagues and I are most anxious that the South Saskatchewan river development project shall be proceeded with at the earliest possible date. As soon as the federal government has announced its intention to proceed with this undertaking we are prepared to negotiate and sign an agreement on the basis of the allocation of costs outlined above.

In this letter the premier commits himself on behalf of the province of Saskatchewan to a definite undertaking in so far as the sharing of the cost is concerned. Here is my point, Mr. Chairman. At that time the federal government did not say, "Oh, we cannot go ahead with it because we are not satisfied with the proposition; we do not feel you are going to pay enough." That was not suggested at that time. Now the minister says that is one of the things that is holding it up. During the time of this correspondence and over these past several years the obstacles and impediments to proceeding with this project did not deal with the question of the allocation of costs—up until the present time at least. Other reasons have been thrown out but as far as I can see from

the correspondence, the question of the allocation of costs has not been the important point.

Mr. Gardiner: Mr. Chairman, my hon. friend has said that this should not be a political matter or should not be a political issue but that it is a business proposition and should be handled as such. All I am suggesting doing is this. If he reads my letter of April 24, 1953 to the government of the province of Saskatchewan he will find that there are four propositions made there. One is that the water rights would be cleared up. In Saskatoon last week I stated that the water rights are cleared up to the satisfaction of this government. Another proposition was that the provincial government was to give us an undertaking that when the water was once put into the dam, they would use it for some particular purposes. They have agreed to use it for the purposes which were outlined by the P.F.R.A. organization. That was the second point. The third one was that some provision had to be made which would warrant us in believing we knew what the cost was going to be. In Saskatchewan last week I stated that those three points had all been taken care of and that the one that is still left is this one we are now talking about, namely the part of the cost of the dam itself which will be paid by the province and the part which will be undertaken by the federal government if the project is undertaken.

An hon. Member: Your halo still does not fit.

Mr. Ellis: I am glad to hear that statement from the minister. I do not know whether we can take it from that statement that when this matter of the allocation of costs is settled we are going to see the commencement of the construction of the dam. I want to suggest that this matter has been dealt with before. We have had correspondence and we have had assurances on the part of the minister that when these matters were settled they would go ahead. But each time we just sort of got on a dead-end street and found that we were confronted with something else. I certainly hope that the minister's statement here indicates that when this matter has been cleared up as between the federal government and the provincial government, there will be a commencement.

I would draw to the attention of the minister the fact that when the premier of the province telegraphed the Prime Minister last spring with regard to this matter, he asked the Prime Minister for assurance on two points. I think I have the exact wording of the telegram. It reads in part as follows:

[Mr. Ellis.]

I am in receipt of letter from Mr. Gardiner asking provincial government to submit proposal for construction South Saskatchewan dam. Before submitting proposal or discussing agreement essential that we have from you categorical assurance on two points, first that you are now convinced that South Saskatchewan river project represents best use that can be made of water available, and secondly that federal government prepared to proceed with this undertaking if government of Saskatchewan assumes fair share of costs.

That was last spring. These negotiations have been going on for some time. When the provincial government made an offer initially and suggested an exact sum of money at that time as to what their share would be, the minister replied that that is not what they wanted; he indicated that they did not want a definite figure at all but that they just wanted something to kick around, something they could discuss.

I am quite certain that the minister is perhaps quite sincere in his assurances that perhaps something can be done, but I do not know just whether the minister's assurances are enough.

Mr. Gardiner: Just to clear up the point entirely, Mr. Chairman, may I say that there is not anyone who has yet said that the dam was going to be built. That fact should be absolutely understood. No one has said the dam is going to be built. However, the question of costs and all that are being considered as between this government and the provincial government. All I can say is that if agreement is reached as between the two governments with regard to all the points, there is a possibility that it will be proceeded with. But up to the present time on every occasion that the federal government have discussed the matter with the province they have said, "We are discussing it under the absolute understanding that no undertaking has yet been given that the dam will be built".

Mr. Ellis: I do not know just what the minister means when he says that no undertaking was made by the government. If there was no undertaking by the government, may I say this. The people of Saskatchewan were certainly led to believe that there had been an undertaking by the government.

Mr. Gardiner: The hon. member just does not understand—

Mr. Ellis: I do not want to make a political speech. If I did, I would be prepared to read—

Some hon. Members: Oh, oh.

Mr. Ellis: —quite a number of quotations from the speeches of prominent Liberals campaigning in the 1945 election campaign, the 1949 campaign and the last campaign. In

the Rosthern by-election the people were told that if they sent Makaroff to Ottawa, that would be tantamount to repudiation of this great scheme. How can you repudiate an undertaking that was never given? The minister now says no one ever promised to build the dam. When he was campaigning during the by-election in the constituency of Rosthern it was said that if anyone but a Liberal was elected it was a repudiation of this scheme. Now, it is suggested here that the government never really promised to build the dam.

Before six o'clock I suggested that we really perhaps never should accept at face value the statements that are made by Liberal politicians even when they are ministers of the crown, and especially when the statements are made just before an election. The minister now says no one promised to build the dam. I am quite sure that will come as a great shock and surprise to the people, whether in this house or outside. As I say, the record is quite clear on this point. The hon. member for Saskatoon this afternoon put several quotations on the record which made the point quite clear. Whether or not the Liberal government ever intended to build the dam might be a moot point, but there is one point that is quite clear. They certainly told the people it was going to be built.

I might say that not only during the Rosthern by-election but throughout many campaigns this has been a stock political football for the Liberal party. They have certainly made use of it in the last three federal elections. Just how effective it has been, I do not know, but certainly they have tried to use it as an effective political weapon. If the minister wants to say now they never promised the dam at all, then I shall leave it with the people of western Canada to accept or reject that particular statement. I am quite sure there are very few in Saskatchewan who will accept that statement at its face value. I shall grant you—

Mr. Gardiner: You and your friends discussed it all during the last election in my constituency, and I was elected.

Mr. Ellis: As I pointed out, Mr. Chairman—

Mr. Mang: May I ask the hon. gentleman a question? Does he recall the visit of the Prime Minister during the election campaign when he spoke at the armouries in Regina at which time it was made quite clear by the Prime Minister's statement that the dam would be built when the people of Canada were convinced and he was convinced it would be in the national interest to construct the dam? At that time does the hon. member recall that comments were made as to the forthrightness of the Prime Minister in making that statement right in the city of Regina in the heart of Saskatchewan? He did not say it was going to be built or that it was not, and he was commended for his honesty.

Mr. Ellis: After some of the comments that have been made here regarding what the government proposed to do, I am not quite sure that we are ever clear about what a minister of the crown says just before an election.

Some hon. Members: Order.

Mr. Ellis: I recall the visit of the Prime Minister at that time, but I would suggest, Mr. Chairman, that perhaps it is the Minister of Agriculture and the Prime Minister who should get together to compare notes on this point. It is quite sufficient to say that over the years this has been used in several elections by the Liberal party—

An hon. Member: And by the C.C.F. too.

Mr. Ellis: They definitely promised us to build this dam as a federal responsibility. So far as the provincial government is concerned I would point out that they did not want to view this as a political matter. I believe that if you read through the correspondence sent by the premier of Saskatchewan—I believe the minister will agree—nowhere in this correspondence will you find any suggestion of the government looking at this from a political angle.

Mr. Gardiner: I quite agree with that and I say again to my hon. friend that nowhere will he find there is anything in my letters either of a political nature.

Mr. Ellis: That is just the trouble. The minister now tells us that after corresponding with the provincial governments for a number of years, there was nothing in his letters.

Mr. Gardiner: Nothing political.

Mr. Ellis: I do not know how one could expect to carry on negotiations between a senior and junior government when the minister admits he never had anything in his correspondence.

Mr. Gardiner: My hon. friend says there is nothing political in the provincial letters, and I say there is nothing political in mine, either.

Mr. Ellis: I was not suggesting there was anything political in the minister's letters, but I am certainly suggesting there was something very much political in the way he has handled this problem in the country.

Mr. Gardiner: I am not going to tell the hon. member that if the dam ever is built, either by this government or any other government, I will be more responsible for it than anyone else.

Mr. Ellis: I have intimated, Mr. Chairman, that I feel that this matter of the dam is something that affects all the people in the province. We do not like to look upon it as a political question at all.

Some hon. Members: Oh, oh.

Mr. Ellis: It is something of benefit to the province and to the country. As I suggested at the outset of my remarks, any project that is of general advantage to Canada, any project that is going to increase the productivity of this great country of ours or that is going to assist this country in gaining a greater measure of economic stability, will be welcomed by us. So far as I am concerned, I am very happy to see such projects being carried out in different parts of Canada. Although I am from Saskatchewan, I am just as much in favour of the seaway project as anybody in this house. I am quite sure that—whether it is the Chignecto canal or the Canso causeway—anything that is for the benefit of this country, will find favour with us.

We also say this. When the minister has stated this is of advantage to Canada, when the Prime Minister himself has gone on record as suggesting this is something of benefit to Canada as a whole, then I think that after years of protracted negotiations, after the various points might have been cleared up as the minister has pointed out, I think the time has now come to commence the building of this dam.

Mr. Cardiff: I do not want to be drawn into any argument about the Saskatchewan dam, but I should like to assure the hon. members from Saskatchewan that just before the next election, perhaps six months before, this dam will become a hot issue. It will come up again, just the same as the extension of mail routes comes up before every election. When I want to secure an extension to a mail route I say to my constituents, "You put in a petition about two or three months before the election and there is no doubt in the world but you will get that extension. I have obtained three or four of them before nearly every election.

Mr. Stuart (Charlotte): We will remember that the next time.

Mr. Cardiff: I might just say that there was an extension granted to three of my neighbours within a mile and a quarter of my farm at the time of the last election. I knew nothing about it until it was announced. I believe the Liberals thought they would get those votes, but I doubt that they did.

After the election some people two and a half miles down the road put in a request for an extension of the mail route. They had more right to it than the extension granted to my neighbours. They wrote to the department in London and were informed that there was no chance in the world of obtaining that extension. These people sent a letter to me.

The Chairman: Order. I wonder when the hon. member intends to discuss agriculture?

Mr. Cardiff: Right away, Mr. Chairman. I just want to finish that sentence. The three people I mentioned did get the mail route, and everybody is happy now.

I want to congratulate the minister upon his return to health. When he returned to Ottawa from overseas, I thought he had had it. He did not look very well. He had a far-away look in his eyes. When I saw the minister in such good form this afternoon, I could not help but think he had improved wonderfully. I hope it continues; I am serious when I say that. However, the minister did sound ridiculous this afternoon when he attempted to inform the house and country as to the buoyancy of the situation in regard to farmers, both east and west, in the matter of returns in the last ten years.

However, one thought did occur to me when he was speaking. I cannot tell the committee the difference in the number of farmers in the east as compared with the number in the west, but I venture to say that not more than a third of them are in the west.

Mr. Gardiner: More than that.

Mr. Cardiff: Well, there might be half, although I do not think there are half of them in the west.

Mr. Gardiner: Not half.

Mr. Cardiff: In his figures this afternoon, regardless of the fact that not even half of the farmers are in the west, the amount given for the east was $2,128 million as compared with $2,258 million for the west. In the next three-year term the figure for the east was $2,871 million and for the west $3,348 million. The next figure given for the east was $3,605 million and for the west $3,952 million. The next figures the minister gave were $3,444 million for the east and $3,129 million for the west.

Mr. Gardiner: The last figures were only for two years.

Mr. Cardiff: The fact remains that the figure for the west was still high. And that brings me to this point, where I say that those of us in the east are not receiving as much consideration as are the farmers in the west. Certainly we are not making as much money, and we work a lot harder to get it.

Mr. Gardiner: That brings up another point. That is the real reason why there is more income tax paid in Saskatchewan, per farm, than there is in Ontario. One does not need to look for another reason.

Mr. Cardiff: I grant you that, because of this fact. The cash return in the west is available; the tax collector can get the figures quite readily. And it is a pretty difficult matter to sidetrack the income tax branch. In the east the farmers do not have much in the way of income, because they do not make enough money to pay income tax. Very few farmers in the east are in the income tax brackets. The department has put forth an extra effort in the last year or two to collect more income tax from the eastern farmers and, while it may have been having some success, it is not having as much success as was expected when the drive was put on. However, I am not ready to discuss that subject in detail because I do not have the figures with me at the moment. I will discuss it before the estimates are completed, or perhaps I may have a chance in the discussion of the estimates of the Minister of Finance when the subject of income tax paid by farmers is before the committee. I say the farmers are not being dealt with fairly in that regard.

This afternoon the minister made reference to a three-year average. The farmers are given a chance to take a five-year average and if, in some cases, they have not made a return, they are put on a net worth basis and they are not permitted to consider the lean years with the good years. I think that is a mistake that should be corrected.

In the last few years the government has been very anxious to sell farm produce so long as there was a good market for it. But when the marketing situation got tough, then the responsibility was thrown back on the farmers themselves. That was what happened in connection with cheese. Anyone can sell on a buoyant market. There is no trouble in getting rid of products when everybody wants to buy them. It is when there is a surplus that there is difficulty in selling. The cheese people took the bit in their own teeth. The government cannot take credit for it. The cheese producers were able to dispose of their cheese, and we find a position where the cheese industry is in a rather healthy state. This is due to the effort they put forth themselves.

And due to the fact that the cheese situation is somewhat better, the butter manufacturers have been placed in a better position, too. But it will be found before the next six months is up that the minister will have a lot more butter on his hands than he has now. When he cannot get his supply down to around 20 million pounds at this period of the year he certainly will not get it down farther between now and the period of flush production of milk.

I am going to say something now about the hog situation. A year or so ago when, under the minister's policy, the price of hogs was lowered to the extent of 3 cents, how long did it stay there?

Mr. Gardiner: It is 23 cents today.

Mr. Cardiff: Did it ever get down to 23 cents?

Mr. Gardiner: It went down close to that in the month of January; but it went right back up.

Mr. Cardiff: Yes, it went right back up. As a matter of fact, it went up to 28 cents inside of a month, and it has been going up ever since. But during that period of time—and this is the joker—when they were afraid they were not going to get paid for their hogs a good many hogs were marketed, including brood sows and every other kind of hogs, both little and big, many of which were not fit to go on the market. They were all shot out on the market, with the result that we were short of breeding stock. Then, of course it does not matter how high the price goes, if no one has anything to sell. The only reason now we are consuming all the pork we have is because we do not have the pork. But a year from now the minister will be saddled with a position in which he will find supplies of surplus pork to worry about.

This afternoon the minister said something about cattle. Let me give a concrete example of how much money we made out of cattle in the last few years. I shall describe my own experience, because I know exactly what I made—and I am no different from many other producers. As a matter of fact, I am in a much better position than many others were.

Anyone who bought heavy cattle or two-year-old cattle in 1951 took a decided loss. We all lost 10 per cent, right off the bat, at the time of the foot-and-mouth disease. Perhaps that was not the government's fault, or the fault of anybody else, but we took a 10

per cent drop right there, and the situation never righted itself. Stocker cattle were selling for as much as 36 cents a pound in 1951. I happened to buy forty head at that time. I felt there was going to be a drop in the price of cattle, and I bought small ones. Anyone who bought small cattle managed to get his money out of them, but those who bought the heavier cattle in 1952 not only lost their feed but they lost a considerable amount of money in addition to that. They had to sell them and they lost large amounts of money.

In my case I did not have to sell in 1952, because my cattle were not the proper size. I could not get in 1952 what I paid for them, after feeding them for a year. The result was that I kept them another year. At the end of the second year—that is, last year—I sold them. At the end of the second year I got 18½ cents a pound on cattle for which I paid 36 cents. I did not lose any money in dollars. As a matter of fact, I had $1,200 after feeding for those two years, but it did not pay for the chop they consumed. I am not the only farmer. I got off pretty lucky.

A lot of farmers who bought heavy cattle, or two-year-old cattle, in 1951, not only lost their feed but they lost pretty nearly half of what they paid for the cattle. They have not redeemed themselves yet. A lot of these fellows are still working away. I do not feel so sorry for those who were in the cattle business for several years and had a chance to make a little money, but I do feel sorry for the younger men who just started up and had to pay a lot of money for those cattle. Mind you, the bank will only carry you so long as your risk is good and then you have to sell. Because they could not cover their notes they had to sell their cattle, and those are the fellows I feel sorry for. A lot of them were in that position.

That is the position in which the cattle business is today. Since last fall cattle have been holding pretty steadily; in fact, much better than I expected they would. Those of us who bought cattle last fall found that tops were going at about 18½ cents. They are still worth 18½ cents. I heard of a sale made the other day at 21 cents. Those cattle went to the United States. They were an exceptionally choice bunch of cattle and consisted of two or three loads. If cattle stay around 20 cents or 18 cents I have no doubt that some of those boys will make a little money this year, but that is all in the future. We are hopeful that that will happen.

As I said before, the government was ready to accept the responsibility for selling produce of the farm when selling was good, but now that it is difficult to sell they are throwing it back to the producer and letting him do the best he can. I do not believe in subsidies. In the first place, I believe we would have been better off if we had never had any. We would have learned to take care of ourselves and not depend on the government. Too much dependence is put on the government and the individual is losing his initiative. This country was built on personal initiative, and until we get back to that there is no hope that the government will pull us out of all the difficulties that we face.

I do not think I have any more to say at this time. As the items go through I shall have more to say. I must say one thing. On going through the estimates of almost every minister's department it will be found that nowhere is the government making any attempt to lower administration costs. No other business in Canada, including agriculture, could operate like that. In every other business a decided attempt is being made to cut costs. The reason why producers' costs are so high, both in manufacturing and in agriculture, is that taxes are too high, and those taxes have to be paid first. Until the government makes some attempt to lower departmental costs we will not be any better off.

Mr. Zaplitny: I should like to make a few references to the speech we heard this afternoon by the Minister of Agriculture and also to mention a number of points which are of particular interest to the farmers of Manitoba. In his speech this afternoon the Minister of Agriculture informed us that in his opinion the farmers have never been in a better position than they are today. I am not going to dispute that at any great length, but I should like to quote a different point of view of a person whose opinions will carry some weight. I hold in my hand a clipping from the *Globe and Mail* dated March 8 of this year, which quotes a former premier of Ontario speaking at a conference. He was speaking to the annual meeting of the shareholders of the First Co-operative Packers Limited of Ontario. These are his words:

> As things have been going we cannot, I think, avoid a crash. The symptoms are now disturbingly close to those that preceded the crash of 1929.

He was discussing agriculture generally, and those were the opinions he expressed at that time.

Mr. Martin: Who was he?

Mr. Zaplitny: Mr. Drury, a former premier of Ontario. Somewhere between the statement we heard this afternoon and the rather gloomy forecast made by Mr. Drury is the situation which exists in agriculture. Figures already produced in this debate have shown

that there has been a rather serious decline in the income of farmers generally. A little later on I shall put some more figures on the record in that connection.

I also wish to refer to another statement, and I was rather surprised to hear the Minister of Agriculture say this. He said that in his opinion a floor price is not necessary under cattle or beef, or whatever the term was he used. That does not seem to meet with the opinions that I have heard expressed by farmers in Manitoba, at least. I am not in a position to speak for farmers in Saskatchewan or elsewhere; I confine my remarks to the farmers with whom I am familiar.

I hold in my hand a copy of a brief presented to the Minister of Agriculture in February of this year by the interprovincial farm union council. This farm union council represents the three farm unions of the prairie provinces; that is, of Manitoba, Saskatchewan and Alberta. I have no doubt the minister will agree that the members of this council are men and women with a great deal of experience in agriculture, some of whom have had previous experience in government in various responsible positions, and I think their opinions are worthy of consideration at this time. What do they have to say about the livestock situation? I should like to quote from their brief where they refer to livestock prices. These are their words:

> The livestock industry's present position is serious and should have the immediate attention of the government. Livestock producers have taken a severe beating during the past two years, and from all available information it appears that the situation may become even worse. From figures available we find that in 1906 there were 1,181 cattle per thousand population in Canada and in 1952 there were only 635 cattle per thousand population; this shows that there is no oversupply of cattle today. Furthermore, we note that stocks of meat in storage on December 1, 1953 are 13 million pounds less than one year previous, which shows that we are not producing much of a surplus.

May I just stop for a moment to point out that with the latter part of that statement the Minister of Agriculture apparently agrees, because he said this afternoon that there is not a great surplus of beef products in Canada at the present time. The brief goes on:

> Yet prices during the past two years have declined approximately 50 per cent.

I have no doubt that these figures are based on statistics which are authentic, and if that is so then certainly it is a far cry from the impression that was left this afternoon. A drop of 50 per cent in the price of livestock products certainly would indicate that the producers of livestock at least are not in the best position that they have been in for years.

Mr. Gardiner: Fifty per cent on cattle.

Mr. Zaplitny: All right; we will accept that. Let it be cattle, but it does not say so in this brief. I continue:

> In view of this, can such a drastic price decrease be justified? We believe it is time that a full investigation of the livestock industry in Canada be made—right from the situation of the primary producers to that of the ultimate consumers.

That was in February, and in the same brief the farm union council suggested that they were interested in a livestock marketing board. From time to time there have been discussions about a livestock marketing board in the house as well as in the provincial legislatures. The attitude taken by the Minister of Agriculture—he will have to say if this is still his attitude—has been that this is something for the provincial governments to look after. Apparently the farm union council is quite willing to go along with that idea, but they have placed a proviso in their brief, and I think a very wise one. They point out that the federal government has taken the attitude that the provinces should take the initiative in setting up livestock marketing boards. They are agreeable to going along with that, but here is the proviso:

> Provided suitable floor prices are assured to the actual producers by the federal government, the farm unions have indicated their willingness to go along with you on such a proposal and would draw to your attention that we have taken the lead in calling two livestock marketing conferences on the prairies—the first in October of last year, and the second in January of this year—where the actual producers were invited, and did attend. At these conferences it was decided to begin drafting an improved plan for livestock marketing, using provincial legislation where available and in those provinces where the majority of livestock producers are ready to proceed, looking forward to the establishment of an interprovincial producer-controlled marketing agency in the near future, utilizing existing federal legislation to provide the needed co-ordination in livestock marketing.

Since then there have been one or two additional conferences, and if newspaper reports are correct the minister was present at one of them at least. In Manitoba two conferences have recently been held, one under the sponsorship of the Manitoba farmers' union, which was largely attended, and the meeting of approximately a thousand farmers almost unanimously agreed that there should be a livestock marketing board under existing Manitoba legislation. I understand that the same situation exists in the province of Saskatchewan so far as the organization there is concerned. Apparently there is some difficulty in Alberta because I understand there is no provincial legislation at the present time providing for the establishment of such a board. However, that situation may change.

In addition, shortly after the conference in Winnipeg, Manitoba, another conference was called in the city of Brandon by the Manitoba wheat pools. The delegates there present took under consideration the proposal made by the farmers' union to set up a livestock marketing board. While the wheat pools declined to take any active part in the setting up of such a board, they did pass a resolution supporting in principle the idea of a livestock marketing board. Apparently the farmers of Manitoba are going ahead through their organizations and I assume that they expect that the plan to set up a livestock marketing board will receive the approval of the provincial government.

But in my opinion a very important consideration so far as the possible success of such a board is concerned is that very proviso which the interprovincial council placed in their brief when they added "provided suitable floor prices are assured to the actual producers by the federal government." It is quite clear that unless some provision is made for setting a floor price under cattle and livestock prices generally at the federal level the prospects for success would not be very bright if a board were set up within a province or if a joint board were set up by the three prairie provinces in an endeavour to co-ordinate and synchronize their efforts.

I believe that those who are very keenly interested in this question of a livestock marketing board, and in my opinion that represents a large majority of the farmers, are going to be somewhat disappointed to learn that the minister has said that in his opinion no floor price is needed under cattle or hogs at this time. However, apparently that is the policy of the government and unless the government is willing to change its mind nothing can be done about it at this time. But I do hope that the minister will re-examine the policy and take into consideration the fact that the farmers of the three prairie provinces are seriously trying to do something at this time to safeguard the future of the livestock industry. Another substantial drop in prices of livestock in the three prairie provinces could have most serious consequences so far as production is concerned.

I turn for a moment to some of the other representations made in this brief. We were also informed that the over-all situation so far as grain and other things are concerned is good. The brief points out that from 1946 to 1952 farm indebtedness increased from $367 million to $486 million. It also points out that from 1951 to 1953 farm income dropped by $137,270,000. I am not going to quote figures at any great length because we can get into quite a dispute about figures depending on how they are made up. The situation is that farm income is dropping, and one of the most serious phases of it is the livestock situation. I do hope that the government will consider coming to the assistance of provinces that are interested in a livestock board and will at least give them the protection of a floor price so that they may successfully operate the kind of livestock board that they decide is most suitable. I might say at this point it is not quite clear yet just what form the livestock board will take if and when it is approved by the farmers, but the principle of a board and also the principle of a board of livestock commissioners has been endorsed by the great majority of the farmers of the prairie provinces, and certainly in Manitoba.

I want to deal for a moment with another question. It is not a new subject in the house nor is it a new subject to me or to the minister. I refer to the Prairie Farm Assistance Act, one of the acts administered by the minister's department. In recent months several efforts have been made by the province of Manitoba to secure amendments to the legislation. So far the government has not seen fit to recommend any amendments. I think it might be well to point out that the agitation for amendments to the act was made the more urgent by the fact that the northwestern section of Manitoba, which happens to be the part of the province represented by myself and the hon. members for Churchill and Portage-Neepawa, was severely damaged by floods in 1953. As a result the municipalities, chambers of commerce, the provincial government and provincial and other members had to find some means by which they could come to the assistance of these farmers.

I should like to draw to the attention of the minister something which I hope will not give rise to another round of political brickbats. I will try to do it as calmly as possible, but it is quite reminiscent of the South Saskatchewan river dam situation. Last summer at about the height of the flood situation a meeting of the Liberal association was held in Dauphin at which they nominated a candidate. It so happened that I was present as an observer because it was announced that at the same meeting there would be a discussion about the flood situation.

Sitting back and listening to the discussion I heard from high local officials of the Liberal association as well as the then sitting member representing that district, and the Minister of Justice was also there though I regret he is not in his seat at this moment because I would have something further to say for his particular benefit. However, all those present on the platform—and represented among them

were at least two of the provincial members, the federal representative, and other representatives of the Liberal party—without exception rose and advised the meeting—which comprised almost 400 people all of whom had been informed in advance that there would be a discussion and perhaps an announcement as to what the federal government would do to assist the farmers in that situation and they were keenly interested in what these men had to say—that the situation was worse than the Red river flood and they used words such as "disastrous" and "catastrophe" and called it many other things and made statements which made it quite clear to any reasonable person that if they would only make requests to the federal government for special assistance in order to compensate them at least in part for the terrific losses they had sustained the federal government would come to their assistance.

I want to make it clear that not one word was said at that time about the Prairie Farm Assistance Act. This was to be special assistance over and above the ordinary provisions of the Prairie Farm Assistance Act and I think the farmers and municipal officials there were quite justified in believing something was going to be done if a request was made. The rest of the story is well known by the minister. Here I would like to say that I am not placing any blame on the shoulders of the minister because he was not present.

The Deputy Chairman: I apologize for having to interrupt the hon. member but I am doing so on his behalf. I would ask committee members that if they have to carry on conversations to do so as quietly as possible. I do not think it is fair to any hon. member who is trying to address the house or to those who are trying to listen to him.

Mr. Zaplitny: Thank you, Mr. Chairman. As I was saying, perhaps the Minister of Agriculture was not even aware at that time of the statements being made. However, surely the minister must have been made aware of the facts after having received a visit from a small delegation while he was in Saskatchewan. That delegation on returning from their visit to the minister, and here I only repeat what has been said by others, left the impression again that if the province of Manitoba would make a request to the federal government assistance would be forthcoming.

From that time on many of us made great efforts to have a request forwarded from the province of Manitoba to the federal government for this special assistance believing in good faith that since statements had been made, and in view of the fact that the Minister of Agriculture had said that he would be willing to consider such a request, it would be for the benefit of the farmer to do so. But as the correspondence piled up we found there seemed to be the same tendency as is displayed in this South Saskatchewan dam situation that certain statements are made and then people start backing away from them. Here I would like to quote from a letter from the premier of Manitoba to the Minister of Agriculture dated December 12, 1953 discussing this whole situation of special assistance which I had requested in the house. I was not alone in making that request for the same request was made by municipal officials and provincial members. However, I would like to read this paragraph from that letter:

> I might mention in regard to this whole question that to my knowledge there has been no suggestion from the federal government that assistance, other than that given under the P.F.A. Act, would be forthcoming if the province of Manitoba so requested.

Now I will have to accept his word for that.

Mr. Gardiner: There is another letter besides that one.

Mr. Zaplitny: Yes, there are a couple of dozen letters but I am not going to take the trouble of referring to them all. This is an important phase of this matter because up until the time I received a copy of this letter, which the premier of Manitoba was good enough to forward to me at the same time as it was dispatched, I was fully under the impression, and so were hundreds of farmers and municipal officials in that area, that the federal government was willing to consider a request from the province of Manitoba for such assistance.

It now appears that the premier of Manitoba had no such assurance. The result of this was that instead of obtaining special assistance the province of Manitoba had to attempt to obtain an amendment to the Prairie Farm Assistance Act in order that the farmers in that area, and of course in similar areas elsewhere, would receive benefit under that act.

To give some justification for that requested amendment to the act I should like to place some figures on record. I have here a set of figures which set out the contributions made by farmers to the prairie farm assistance fund under the one per cent levy, and also the payments made out of that fund. I will give them only in round figures. Farmers in the province of Manitoba from 1939 to 1952 made total contributions of $11,903,857.84 and to that we must add the 1953 payments amounting to $516,719, because the latter figure is not included in that first total. The two figures together

bring the total contributions to a little over the $12 million mark. When we turn to the benefits received during the same period we find that from 1939 to 1952 the benefits received in Manitoba amounted to $3,394,546 to which we must add the 1953 figures totalling $500,128 which brings us to a total of nearly $4 million which is about one-third of the total contributed. In other words, for every three dollars contributed by the grain farmers of Manitoba since 1939 under the one per cent compulsory levy they received only one dollar from that fund in return.

Due to that we find that later on towards the end of the session in the Manitoba provincial legislature a resolution was introduced by Mr. Stinson, who is the leader of the C.C.F. group in that parliament, in these words:

> That in the opinion of this house, the government should give consideration to the advisability of requesting the federal government to grant emergency assistance to farmers who suffered crop losses due to flood damage in northwestern Manitoba in 1953.

That, of course, was in line with all the other representations that were made. However, the government of Manitoba apparently did not approve of that resolution in that form so a government member moved an amendment so that the amended resolution read as follows:

> That this house urges the federal government to amend the Prairie Farm Assistance Act in order that Manitoba farmers who suffered serious crop losses due to excessive moisture conditions in 1953 receive further assistance.

Those last few words are rather important. May I repeat them: so that they may "receive further assistance". This resolution or amendment apparently was not framed for the purpose of amending the Prairie Farm Assistance Act only for future years but also so that if the amendments were made, farmers in Manitoba could receive further assistance with regard to 1953.

A copy of this amendment no doubt was forwarded to the government here. I also raised the matter several times in the house asking the minister whether the amendments would be recommended. Finally we were told not so long ago that the government had no intention whatever of bringing in these amendments. At this time I should like to plead with the minister not to close the door.

The situation in Manitoba, as I have already pointed out, is such that the farmers have contributed to the fund three times as much as they have received out of it. That situation is owing to the way in which the act operates. In Manitoba there is interest in starting a crop insurance scheme which, incidentally, was suggested by the minister himself in one of his letters to the minister of agriculture in Manitoba. However, as we know from experience, the setting up of a crop insurance scheme at the provincial level at this time is a thing that is not going to come about quickly. We know that investigations were made in Saskatchewan and Manitoba as far back as 1939, 1940, 1942 and so on—and perhaps even before that—into the feasibility of setting up a crop insurance scheme on a provincial basis and that nothing has come out of it.

Even though that committee has been set up by the Manitoba legislature to look into the matter again, I am sure that it will be years before that province will be in a position to take action on a crop insurance scheme; and even then they might have to ask the backing of the federal government in order to underwrite the scheme so as to make it successful. In the meantime I think a good case is made out, not only for the province of Manitoba—and here I am not just making a plea for the constituency of Dauphin or the other two that I have mentioned, namely those of Churchill and Portage-Neepawa which are more urgently involved at this time—but for similar areas in the other two prairie provinces. I think there should be set up some system of zoning under the Prairie Farm Assistance Act in order that farmers in those areas at least have the hope or the possibility of benefiting equally under the act. As the situation is now, the scales are unevenly balanced to the detriment of Manitoba; that is not something done deliberately but that has been the result. In the province of Manitoba, or at least in part of it, we suffer more from flooding than from drought. As a result, when it comes to a matter of applying the act, even if it is done in the most lenient manner possible, it just is not possible to give the kind of compensation the farmers deserve.

I am going to recommend that the minister consider under the act a zoning plan under which, after studying crop reports over a period of years—and all those figures are available—it should be possible to set up zones with different yields as the qualifying yardstick. At the present time the yield is set at eight bushels per acre on the average on wheat. There are some areas in which wheat is not a suitable yardstick. There are some areas in which the figure of eight bushels is certainly not a suitable yardstick for a qualifying figure. Certainly northwestern Manitoba is not, because our crop yields on the average are higher than those in most parts of Saskatchewan, and the farming is done on a smaller scale. As I pointed out, flooding and hail affect crop yields in a different manner than does drought. It is not the over-all picture. It is spotty. So I

am going to recommend that the minister consider the idea of zoning so that in certain areas we could have a qualifying figure of eight bushels as at the present time but in others perhaps the figure should be twelve bushels. In others it might even be fourteen bushels, depending on the over-all long-time average yield.

There is another justification for such zoning for qualifying purposes, and that is the actual cost of production. It is well known that in the dry areas of the province of Saskatchewan, for example, or in Alberta summer fallowing is a much simpler and less costly operation than it is in northwestern Manitoba or, for that matter, in northeastern Saskatchewan. Where there is much more rain, where conditions are different and the land is heavier, it is necessary to work the land much more thoroughly and much more often during the summer months, a procedure which of course entails much greater expense. If crop conditions are normal the farmers are, of course, compensated for that expense by having a heavier yield. But if they have a loss owing to flood or hail or some other cause, the amount of money they have put into that land is much greater than it is in the case of, say, southwestern Saskatchewan or the drier areas. I therefore believe it would be only fair and just to set up a zoning system in order that farmers may have an equal opportunity at least of benefiting from this act.

As the situation is now I may say quite frankly to the minister that there is a great deal of discontent with the act in the province of Manitoba. The premier of Manitoba has stated on behalf of this government that he is definitely dissatisfied with the act. He has stated on occasion that Manitoba should cut itself entirely away from the act, should have nothing to do with it and should set up its own crop insurance scheme, all of which is all right provided that he has a crop insurance scheme to put in its place. At the present time the province has not such a scheme. I for one do not go along with the premier of Manitoba on that matter. I think that we should not cut ourselves away from this act until the province has a crop insurance scheme to put in its place, or something which would be better. But the over-all picture in Manitoba is that unless this act can be amended so as to give the farmers of Manitoba a better break than that which they have been receiving, certainly the province of Manitoba would be justified in eventually breaking away entirely from this act.

There are one or two other things about this act that I think need some changes. For example, there is the provision under which lands bought or purchased from the province after a certain date—I believe it is 1940—are not eligible for prairie farm assistance. At the time this provision was placed in the act there may have been some reason for it, but since then it has certainly worked a hardship on some of the farmers. Those farmers are not exempt from the one per cent levy. They still have to contribute to the fund one per cent of the value of their crops just like anybody else, and they feel that they are being discriminated against if they are denied the benefits of this act to which they are obliged to contribute. I think consideration should be given to making a change in that respect.

In closing I want to say just a word on this question that I have tried to discuss as calmly as possible, although I feel strongly about it. I think that on future occasions we should not have a repetition of what happened where persons make statements like those which were made in the town of Dauphin about the end of June, making it quite clear that the federal government was going to come to the assistance of these farmers and these statements are accepted in good faith, and then later on the people are told that there was no such intention. I think that sort of thing is not good for public relations. I do not think it is good for the Liberal party. I do not think it is good for government. I do not think it is good in any respect. I think that statements like that are the kind of statements which bring into contempt the statements of politicians across Canada. I think we have a duty to the people of this country to keep them informed accurately and honestly at all times. Even though I cannot see how those statements could have brought any political advantage—no doubt they were designed to bring political advantage or were an attempt to bring political advantage but I fail to see how they could have done so—those statements were made. Then they had to be eaten by those persons who made them.

As a result, there has been a great deal of bitterness and bickering in the province of Manitoba since last July. Of course now we know where we stand. The federal government has told us quite plainly they are not going to do anything in this respect. The premier of Manitoba has made it quite plain he intends to make no such request of the federal government. I am not, therefore, laying any blame at the doorstep of the Minister of Agriculture. Certainly the people who made those requests and those representations were justified in making them on the

basis of the statements that were made to them by the Liberal politicians at that meeting to which I have referred.

Mr. Gardiner: In view of the fact these estimates will probably not come up again for several days there are one or two things I should say in reference to some of the questions which have been raised. I do not want to enter into a discussion about the last question which was raised, except to say this. After the first meetings which were held there was considerable done. I am not saying that everything was done that those meetings requested, but everything was done which could possibly be done under the present terms of the Prairie Farm Assistance Act, and that amounted to considerable. It was not simply a matter of forgetting all about it, and not doing everything that could be done under the act as it is now drawn.

The other matter about which I wanted to say a word is the floor price on cattle, and beef particularly. The member for Dauphin has gone into that in some detail, and I only want to say that I agree with what he has said, that I did attend one of the meetings held in western Canada recently, the one which was held in Saskatoon last week. This question was discussed at that meeting. I do not believe Alberta was represented at the meeting but the Manitoba farmers union was represented as was the Saskatchewan farmers union. Representations were made at that time, and they were the same as the submissions to the government that were read to us here.

We discussed this question for the greater part of the afternoon, and they reached the unanimous decision which was contained in the press statement later. It was somewhat of a withdrawal from the position taken in the resolution that was read by the member for Dauphin. What I want to say concerning the matter of a floor price under cattle or under beef is exactly what I said to the gathering in Saskatoon. I said I did not think there was anything to be gained at this time in putting a floor price under cattle as our surplus is sold in the United States, the highest market there is in the world. If we were to establish a price higher than that as a floor price, then there would be enough beef from the United States come over here to entirely ruin our markets and put us in a position of not being able to sell. On the other hand, if we were to set a price lower than the price being obtained now, then the natural thing would be to suggest that we were indicating the price was too high.

With those two matters placed before them the committee asked what alternative we had to suggest. I stated to them that we had the co-operative marketing act of 1939. Under that co-operative marketing act we could set up a marketing organization to make it possible to do the same things as we have done for cheese in Ontario for two years, and which we are asked to do again this year; the same as we have done for potatoes in the provinces of Prince Edward Island and New Brunswick. In other words, we could guarantee an initial payment not to exceed 80 per cent of the average price for the last three years. I stated to them that there was only one case in which we did make the average 80 per cent. In most cases it was 60 per cent, and in some cases it was less than 50 per cent. In any case we guaranteed the organization so that they could go to the bank, raise money and whenever they took delivery of whatever the product may be they would be in a position to make an initial payment to the farmer. Then, the organization proceeds to sell the product and when they realize a price for it, they divide the money amongst those who form a part of the organization.

I repeat what I suggested a moment ago. After they had discussed that, and discussed it very fully, all of those present at that meeting stated they would make these representations the next day to the general meeting. I understand they did make them on Friday of last week, and that the idea was supported at that meeting. Under that legislation you do not have what is generally called a floor price. There is no attempt made to guarantee a price to the producers, but there is an effort made to set up a pooling organization of which all the producers can be a part. They have their own organization to sell their product. My intention in saying what I did was to impress upon them that we thought it was better to proceed under that legislation, which is already on the statute books and which has worked successfully in 96 out of 98 operations since 1939.

When I say it has operated successfully, I am speaking as a member of the government. When we set up the act we hoped to be able to make such arrangements with the organization that was benefiting by it that there would not be any payment necessary on the part of the government. Now, we miscalculated on furs and we did have a considerable amount of money to pay on furs at the end of the war. This was largely because prices were high towards the end of the war, and when they dropped rather suddenly the government had to pay some of the guarantees it had made.

The second case in which we will probably have to make some payment this year is the guarantee for the potato growers in New Brunswick and Prince Edward Island.

The guarantees made were higher than the prices received for the potatoes when they were sold. The producer gets his initial payment, and if there is a loss occasioned the federal government pays it. On the other hand, if there is a profit made there is a distribution of those profits to the individuals who were part of the organization set-up and who delivered products to that organization.

As I say, we discussed it very fully, and after having discussed it fully there was this attempt that is being made in Saskatchewan. I assume it will have its effect in Manitoba as well. The attempt being made in Saskatchewan is to organize first a livestock board to handle the livestock under the provincial act. Then they suggest that they may come to this government in order to get a guarantee which makes it possible for them to make an initial payment so the farmers can carry on until their product is sold. Then they will again come here if there are any profits in order to get permission to pay out, having indicated that there will be no loss to the government here, and they will make further payments to the farmers.

The legislation is there, and I just wanted to say tonight, while the question was being discussed, that those are the reasons why it was not thought wise to put a floor price under cattle at this time. There is, as you know, a floor price under hogs of 23 cents which has been referred to by the hon. member for Huron. The only time the price has gone down close to that was a period which the hon. member for Huron mentioned, when the farmers were putting their hogs on the market in much greater numbers than the market would readily take them. That was during the month of January, when they thought that the lowering of the guaranteed price or the floor price was going to result in the lowering of the price of hogs. They thought that, and they delivered hogs in great numbers and almost succeeded in forcing the price down to 23 cents. But immediately that process had been carried through, the price went back up. And the prices have been the highest since that time that they have ever been in our history.

It is true, as the hon. member for Huron said, that those who stayed in benefited by that, and those who got out did not benefit. But I would like to call to the attention of western members the fact that the production of hogs has gone up. In the province of Saskatchewan as of the month of June in the year before last I believe they had over 400,000 head of hogs on their farms. Last year in June they had almost 50 per cent more, with a figure of something more than 600,000. In the province of Ontario—and I think the hon. member for Huron will agree with this—they have succeeded through the years in holding the numbers of hogs in Ontario up to a point higher than they were even during the war. And while we in Saskatchewan had 1,700,000 hogs during the war and dropped down to almost 400,000, the province of Ontario went up after the war, and it continued to go up until this year. I do not think they have quite as many this year as they had a year ago. But that reduction in Ontario started to take place under the high prices, not because the prices were lower.

Hogs have been selling across Canada during this past year at anywhere from $42 or $43 per hog up to $50 or $55. Everyone in the house who has raised hogs will know that that is not a price at which one loses money, even at present costs. The returns are fairly high. There is a floor price of $23 under hogs. The price has been up in the $30 bracket during the greater part of the time since that floor price was put on.

In connection with cattle, the situation is as I have outlined it. I doubt very much if it would be to the benefit of farmers—as a matter of fact I am convinced it would not be—for us to put any floor price on that we could put on at the present time. The regulator of cattle prices is the prices in the United States. As the hon. member for Huron said, there have been cattle going to the United States during this last week at $21 per hundredweight.

Mr. Cardiff: That was paid here for them.

Mr. Gardiner: Yes, that was paid here for them, and it means that all the costs—duty, freight and so on—were paid. They were landed in the United States at some point where they were slaughtered at that rate. There is great sympathy for the farmers—particularly the young farmers—who came into the cattle business in 1951, as was described by the hon. member for Huron. Those who came in in 1951 and bought cattle at the prices then prevailing certainly took a loss. But the older men who have been in the cattle business for a long time were in a different position. I have talked to a good number of them in the last week or two and they have told me they made good money prior to 1951 on a rising price. They have handled about the same number every year and many of them were in a position to take the loss which they had to take as a result of having bought at the peak price in 1951 and selling at the lower price in 1952 or 1953.

But I understand well the position of the young men. Indeed, I was in that position at the end of the first war, myself. I lost most of what I had, and certainly all I expected to

gain by going in. The price did go down. It went down a long time as it did following the last war. I agree that the young people who have gone in now have had some difficult experiences. However I think the hon. member for Huron will agree that those who bought their cattle last fall and fed them during this winter have done very well.

It would take quite a while, even at the gain they could make this year, to make up the loss they had to take following 1951. But we hope it will not be necessary for them to do that and that they will be able to go along in this line of business. Operating on the American price they have a floor which is as high and as strong as any floor could be—whether this government were to put it on, or whether it was put on in any other way. The American market is the natural market for our surplus. Our cattle go there; and if the market here will not stay close to that price, then they will go there in greater numbers.

Our marketings in the United States in the last year have not been very high, the reason being that apparently we were not prepared to accept the prices which were paid. With hogs as high in price as they were people were more inclined on this side of the line to eat more beef. And a great number of the cattle which have gone into the market have been consumed here in the form of beef. But we are still convinced that the best floor price we can have at the moment, and probably for some time to come, is the American market, with the American price. That is the reason why we have not thought it was particularly wise to put on a floor price for cattle this year.

I think that is all I need to say tonight. There are other matters I should like to refer to at a later time. I did think, however, that these matters should be discussed now rather than to leave them over until next week.

Mr. Herridge: Mr. Chairman, most of the remarks I wish to make on agriculture can be made in the discussion on particular items. However I wish to take this opportunity to deal very briefly with one particular subject which is somewhat dear to my heart, and which I am sure is very close to the hearts of a great many of my constituents, and that is the unfortunate lack of co-operation between various departments in the federal and provincial governments. On several occasions this has seriously affected agricultural development in my constituency.

In passing I might say that the constituency of Kootenay West produces only about 16 per cent of its total food requirements. Therefore it can be seen that there is a great opportunity for expansion of agriculture in that constituency, particularly when it is known that we have thousands of fertile uncleared and unsettled acres. What are the principal reasons for this? The principal reasons are lack of transportation and lack of public investment in irrigation, drainage, schools and hospitals, as well as in public services such as lighting and telephones.

I readily admit the good work that is being done by both the federal and provincial governments departments of agriculture; but there is a lack of co-operation that I think is very necessary for the proper settlement of this part of the country and for the protection of our farmers. This lack of co-operation between the federal departments and the provincial government causes difficulties in my constituency particularly—I am speaking from experience—for those who are farming at present and prevents many others who would wish to farm to take advantage of the many fertile acres which are only awaiting public investment on the part of governments, federal and provincial, and the application of industry and labour on the part of individuals. To illustrate that point I must mention that while we produce in my constituency only some 16 per cent of our total food requirements, we have some 16,000 acres of undeveloped fertile agricultural land in the Lardeau valley, of which the greater portion is black soil bottom land. We have thousands of undeveloped acres on the Arrow lakes and thousands of acres idle in other parts of my constituency remaining undeveloped because of the lack of co-operation that provides the public investment and the public services that are necessary if this land is to be settled by the people who want to settle it.

The federal government is responsible for P.F.R.A., and I shall have a little more to say about that under the item in question. Great work can be done under P.F.R.A. in British Columbia, and particularly in my constituency. There is the Department of Veterans Affairs interested in settling veterans. There should be the greatest co-operation between the Department of Agriculture and the Department of Veterans Affairs and the provincial departments concerned. The federal department can do something to promote agriculture and to give some guidance to the development of these new areas in the establishment of not expensive but small illustration stations, that would be of help to settlers, because our conditions vary greatly within a few miles. Then there is the question of co-operation between the Department of Agriculture and the Department of Public Works. Very often the lowering of a river by some dredging or the removing of some log jams or something of that sort

lowers the water table of the surrounding land and provides additional opportunities for farming. In the last three years the lowering of the Duncan river as a result of the removing of snags and obstacles has lowered the water table in the surrounding land so that 3,000 or 4,000 acres can be farmed to better advantage.

Then, we have the federal government responsible for unemployment. What an opportunity for some co-operative planning and to use many now unemployed in all these projects. The provincial government is responsible for roads, hospitals and schools and for the provision of light and power facilities and for telephones. All that is required is a common-sense approach and the development of more co-operation instead of the unplanned approach with both the federal and the provincial governments going their own ways, and federal departments and provincial departments carrying on without any co-ordination of their activities. What we need is a co-ordinated approach and a co-operative approach on the part of all agencies, federal and provincial.

I want to illustrate that by a recent happening in my constituency which could have been prevented, I believe, if there had been some co-operation between the federal departments and between the federal government and the provincial government at an earlier stage, and some activity on the part of the Department of Agriculture to protect the farmers' interests in my constituency. I refer to the plight of the farmers and the fruit growers on the Arrow lakes who are left stranded because of the discontinuation of steamer service on the Arrow lakes.

In the early days that district was settled as a result of promotion activities in London largely by the government of Canada, the government of British Columbia and the Canadian Pacific Railway. Most of the early settlers in the Arrow lakes district, as they were in the Kootenay district, where our good chairman comes from, were green Englishmen who suffered the full consequences of their greenness after they arrived. I remember one settler in the Arrow lakes, a Dr. Kelso, who made particular inquiries in London of the Canadian Pacific Railway when he bought a tract of land in the Arrow lakes district where we had a steamer service in operation, and which was an excellent service. He inquired whether it would be maintained. The Canadian Pacific Railway Company's officials said to him and to many others intending to settle on the land in that area that not only would they guarantee to maintain the present service but if anything it would be improved.

That is the basis upon which the settlement took place. Many of those people in those isolated communities have spent a lifetime clearing the forests and clearing the land, planting orchards, making fields and developing farms; their whole life experience, all their capital and all their labour have been devoted to the development of their small ranches during the last half century. All their investment is in that district, where suddenly, with thirty days' notice, the Canadian Pacific Railway discontinues the steamer service on the Arrow lakes, with a callous indifference to the needs of the farmers and settlers who settled in the district in the early days. The company's officials did not even have the courtesy or the decency to give those affected at least six months' or a year's notice of the discontinuance of the service so that they could arrange for some other service. At the present time the farmers in my district who want to get out to Revelstoke from south of Nakusp have to engage to travel on non-scheduled aeroplane flights and this is most expensive. At the present time there is no provision to transport the freight, express and passengers in general, from Nakusp to Arrowhead.

I bring this to the attention of the minister because in a situation like this the federal Department of Agriculture should have been interested in the plight of these ranchers, and so should the provincial government and the provincial department of agriculture. Here are people who were brought into this country by government and C.P.R. advertising, who have devoted their whole lives to the development of the country and have made a great contribution. Suddenly on thirty days' notice, they are left without transportation facilities and their whole established routine is upset and disturbed.

At the present time every effort is being made to have some service established on certain portions of the lake, and I urge that the Minister of Agriculture do everything he can to support the activities of the West Kootenay and central farmers' institute, and the various fruit growers organizations and the other organizations in the district of the Arrow lakes who are trying to find some way now to re-establish a service which will give them an opportunity to travel, to ship their hay, their fruit, their other commodities, such as cherries and produce of that sort, north to Revelstoke, or south to the Kettle Valley railroad. I emphasize again that this is an excellent illustration of an unfortunate happening to 3,000 people, the

majority of whom are small ranchers, fruit growers and farmers, because of the lack of co-operation between federal departments and between the dominion and provincial governments.

The Deputy Chairman: It being ten o'clock, shall I rise and report progress and ask leave to sit again?

Mr. Herridge: There is one subject I forgot to mention. I ask for the indulgence of the committee. I intended to bring to the attention of the committee the fact that the national film board has taken an excellent picture of this steamer service on the Arrow lakes and it is going to be shown in the railway committee room at seven o'clock on Tuesday. I hope the Minister of Agriculture and all hon. members will attend to see what an unfortunate thing has happened to my own district in the loss of this necessary and historic steamer service.

Item stands.

Progress reported.

BUSINESS OF THE HOUSE

Mr. Harris: Mr. Speaker, on Monday we shall continue with the budget debate and if, as may be hoped for, we complete it, we shall spend the rest of the day on the budget resolutions. If they happen to be disposed of we shall go on with the Japanese trade treaty; but if Monday is taken up on the budget and the resolutions we shall take the Japanese trade treaty when we reach it on Tuesday and legislation which I can indicate on Monday evening to follow that. It will be our intention to take estimates again on Thursday and Friday.

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

HOUSE OF COMMONS

Monday, May 3, 1954

The house met at 2.30 p.m.

QUESTIONS

OLD AGE PAYMENTS—MANITOBA

Mr. Castleden:

1. How many citizens in Manitoba, 70 years of age and over, receive old age security payments?
2. How many citizens in Manitoba, 65 to 69, receive the old age pension?
3. How many citizens in Manitoba, 70 and over, receive a supplementary allowance from the provincial government?
4. How many citizens in Manitoba, 65 to 69, receive a supplementary allowance from the provincial government?
5. What is the total amount of the supplementary allowance paid by the provincial government of Manitoba?
6. What is the total amount of the supplementary allowance paid by the provincial government of Manitoba in the 65 to 69 age group?

Mr. Martin:

1. In February 1954—42,388.

2. In February 1954—4,828.

3. Supplementary allowances are not paid by the province of Manitoba to recipients either under the Old Age Security Act or under the Old Age Assistance Act.

4, 5 and 6. See answer to No. 3 above.

DEPARTMENT OF TRANSPORT EXPENDITURES, NOVA SCOTIA

Mr. Balcom:

What were the total expenditures by all branches of the Department of Transport in Nova Scotia, during the fiscal year 1952-53?

Mr. Langlois (Gaspe):

General	$ 1,325.00
Canals	41,950.89
Marine	1,886,721.55
Railways	6,032,340.94
Air	1,329,335.38
Grand total	$9,291,673.76

ENGINEERS AND FIREMEN, OTTAWA—40-HOUR WEEK

Mr. Knowles:

1. Have stationary engineers and firemen employed by the federal government in the Ottawa area yet been accorded the five-day 40-hour week?
2. If not, have representations been received by the government requesting that such employees be accorded the five-day 40-hour week?
3. What consideration has been given to such requests?
4. Will such employees be put on the five-day 40-hour week at an early date? If so, at what date?
5. If it has not yet been decided to put such employees on the five-day 40-hour week, will the matter be given further consideration?

Mr. Pickersgill:

1 to 5. Stationary engineers and firemen employed by the federal government in the Ottawa area have not yet been accorded the five-day 40-hour week. Representations, however, have been received and the matter is being given consideration.

QUESTION PASSED AS ORDER FOR RETURN

FRENCH LANGUAGE TELEVISION, OTTAWA-HULL

Mr. Gagnon:

1. Has an application been received for the establishment of a French language television station for the Hull-Ottawa district?
2. If so, has such application been accepted?
3. Has it been rejected? If so, for what reason?
4. What percentage of French programs are being broadcast by CBOT?
5. What is the percentage of French-Canadian population in the Hull-Ottawa district?

DISABLED PERSONS

PROVISION FOR PAYMENT OF ALLOWANCES—AGREEMENTS WITH PROVINCES

Hon. Paul Martin (Minister of National Health and Welfare) moved that the house go into committee at the next sitting to consider the following resolution:

That it is expedient to bring in a measure respecting allowances for disabled persons and to provide for the payment to the provinces out of the consolidated revenue fund of amounts in respect of allowances for disabled persons paid by the provinces, to certain persons who have attained the age of eighteen years, and who are totally and permanently disabled and in need of such allowances, not exceeding in respect of any recipient fifty per centum of forty dollars monthly or of the amount of the allowance paid by the provinces monthly to the recipients, whichever is the lesser; and to provide for the making of agreements with the provinces in relation thereto and for the conditions and duration of such agreements.

He said: His Excellency the Governor General, having been made acquainted with the subject matter of this resolution, recommends it to the house.

Motion agreed to.

Inquiries of the Ministry

CANADIAN NATIONAL RAILWAYS

ST. FELICIEN AND HILLSPORT LINES—PROVISION FOR FINANCING

Hon. Lionel Chevrier (Minister of Transport) moved that the house go into committee at the next sitting to consider the following resolution:

That it is expedient to present a measure conferring authority upon the governor in council to authorize the Canadian National Railway Company to construct lines of railway from St. Felicien to Chibougamau and from Chibougamau to Beattyville, all in the province of Quebec, and from Hillsport on the main line of the Canadian National Railways to Manitouwadge Lake, both in the province of Ontario, being on the whole approximately 321 miles at a total estimated expenditure of $38,750,000. The measure will make provision for the issue by the company of securities, which may be guaranteed by the government in respect of the cost of construction. To enable the company to proceed with construction forthwith, temporary loans may be made to the company out of the consolidated revenue fund, upon terms and conditions prescribed by the governor in council and secured by company securities.

He said: His Excellency the Governor General, having been made acquainted with the subject matter of this resolution, recommends it to the house.

Motion agreed to.

VETERANS AFFAIRS

INQUIRY AS TO ESTABLISHMENT OF COMMITTEE

On the orders of the day:

Mr. D. S. Harkness (Calgary North): Mr. Speaker, I should like to ask a question of the Minister of Veterans Affairs. Is it the intention of the government to set up a committee on veterans affairs, the resolution providing for which has now been on the order paper nearly three months?

Hon. Hugues Lapointe (Minister of Veterans Affairs): I should think the motion would be moved at a very early date—probably immediately after the debate on the budget.

GRAIN

REQUEST FOR STATEMENT ON INITIAL PRICE

On the orders of the day:

Mr. H. R. Argue (Assiniboia): Mr. Speaker, I should like to ask a question of the Minister of Trade and Commerce. Would the minister say whether an early announcement will be made as to the 1954 initial price for grain, so that farmers can plan to better advantage for the current season of operations?

Right Hon. C. D. Howe (Minister of Trade and Commerce): It will not be possible to make an early announcement regarding the initial price. There are too many factors that are obscure at the moment that will be much more clearly defined later in the season. The announcement will certainly be made before the end of the crop year, but not much before then.

ROYAL CANADIAN AIR FORCE

REQUEST FOR REPORT ON FIRE IN HANGAR AT PENHOLD

On the orders of the day:

Mr. F. D. Shaw (Red Deer): I should like to direct a question to the Associate Minister of National Defence, notice of which has been given. Has the investigation into the fire which occurred at the Penhold air station on April 10 been concluded and, if so, will the report be tabled in the House of Commons or otherwise made available to members of parliament?

Hon. R. O. Campney (Associate Minister of National Defence): The fire occurred at Penhold on April 10. Immediately thereafter a Royal Canadian Air Force board of inquiry was set up to investigate the circumstances of the fire. I am informed that the board completed its investigation late last week and that the proceedings are either in transit or about to be forwarded to Ottawa. I think it is a well-established practice that reports of service boards of inquiry investigating service matters go to the minister for his information and guidance and that of officials of the department. It has never been the practice in this house to table such reports. I shall, however, be glad to give the hon. member any information I can as soon as I myself am in possession of all the relevant facts.

ATOMIC ENERGY

EXCHANGE OF INFORMATION BETWEEN GREAT BRITAIN AND CANADA

On the orders of the day:

Mr. Donald M. Fleming (Eglinton): May I direct a question to the Minister of Trade and Commerce? Is it the practice of the government of the United Kingdom to share with or impart to the Canadian government any of the information of the United Kingdom with respect to atomic or hydrogen bombs? If so, is the minister in a position to comment on a press report in today's newspapers that the British government has a cheaper and more effective hydrogen bomb than the government of the United States?

Right Hon. C. D. Howe (Minister of Trade and Commerce): There is complete exchange of information with the British government on matters with which the Canadian government is concerned; but the Canadian government is not manufacturing bombs, and therefore we have no information to exchange

with Britain on that subject, and we receive no information from Britain on the subject.

THE BUDGET

ANNUAL FINANCIAL STATEMENT OF THE MINISTER OF FINANCE

The house resumed, from Wednesday, April 28, consideration of the motion of Hon. Douglas Abbott (Minister of Finance) that Mr. Speaker do now leave the chair for the house to go into committee of ways and means.

(Translation):

Mr. Robert Perron (Dorchester): Mr. Speaker, when one addresses the house for the first time in the course of a debate such as this, it is somewhat customary, I believe, to say a few words about one's own constituency. I therefore would like, at the outset, to recall certain political memories concerning the county of Dorchester and the men who have represented it here in this house.

I would like, in particular, Mr. Speaker, to remind you that in 1916 the member for Dorchester was holding the office you are performing today with such dignity. I refer to the Hon. Albert Sevigny who presided over these debates also with great dignity. The Hon. Mr. Sevigny later became a minister in the Borden cabinet, and, had it not been for certain circumstances which are of little interest today, would still be, I believe, the member for Dorchester. Mr. Sevigny is now chief justice of the Superior Court of the province of Quebec over which he presides with the dignity and legal experience which are so well known to all.

The Hon. Lucien Cannon, who was the uncle of the present representative of the Iles-de-la-Madeleine (Mr. Cannon), then represented the constituency of Dorchester for about 12 years. He was solicitor general in the Mackenzie King administration. Nobody has forgotten what an able speaker this former member for Dorchester was. I must admit, for my part, that this speaking ability was, to me, a source of the greatest enjoyment when I was still a young man. Later on, the Hon. Mr. Cannon was appointed to the Quebec superior court. His untimely death was a great loss to the bench, among whose most enlightened members he was.

Dorchester also had the privilege of being represented here by one of its native sons, the Hon. Onesime Gagnon, who was a minister in the Bennett cabinet and who is now provincial minister of finance in Quebec. He administers this important department with the same competence, devotion to work and selflessness that he had shown when he sat here.

And what can we say of my immediate predecessor, the Hon. Leonard Tremblay, who now sits in the Senate, but who represented Dorchester for 18 years. It is always a difficult and delicate thing in circumstances such as these, especially when dealing with political opponents, to speak on topical matters, before the passage of time has completely eliminated all friction. So I shall say about Senator Tremblay, to parody a famous statement: "He did me too much wrong for me to speak well of him, but he did too much good for me to speak ill of him." However I should like to congratulate the government on having appointed him a senator, for he had served his party well and that will enable him to keep on living in the political atmosphere which has always been so dear to him.

Mr. Speaker, need I add that, as a rule, the member for Dorchester is elected with a small majority and that the present member was no exception to the general rule at the last elections. May I say, also, that Dorchester is on the opposition side for the first time. Here, I must confess that it was the other Quebec ridings that were at fault.

Mr. Speaker, I want to deal with two questions of special importance for the province of Quebec, but which have repercussions throughout Canada.

In the first place, I wish to speak to the resolution submitted by the hon. Minister of Finance (Mr. Abbott) amending the Income Tax Act with regard to mutual insurance companies other than mutual life companies.

(Text):

Mr. Speaker: Order. I am sorry to interrupt the hon. member, but the constant buzzing that I hear here is most annoying. I cannot hear the hon. member who is speaking; there is too much competition with his voice.

(Translation):

Mr. Perron: Secondly, I want to discuss federal-provincial relations, particularly as far as the provincial tax just introduced by the government of Quebec is concerned.

Mr. Speaker, resolution No. 6 of the budget speech, which relates to the taxation of mutual insurance companies and appears on page 3736 of *Hansard* of April 6, 1954, reads as follows:

> Resolved that it is expedient to introduce a measure to amend the Income Tax Act and to provide, amongst other things:
>
> 6. For the taxation of a resident mutual insurance corporation, other than a life insurance corporation, as though the surplus arising from its insurance activities on and after January 1, 1954 were a profit from a business, and declaring that a

non-resident mutual insurance corporation, other than a life insurance corporation, shall be deemed to be and always to have been subject to taxation on that basis.

Thus the government has decided to tax the income of mutual insurance companies, including mutual fire insurance companies. The government has resolved to put an end to a struggle that has been going on for many years and in which it has never come out on top. In fact, following an investigation by a commission appointed by the government to determine whether co-operatives should be taxable, the commission came to the conclusion that some mutual fire insurance companies should not be taxed. Later on, the Supreme Court of Canada gave a decision along the same line. And these conclusions are quite logical.

The one aim of many mutual fire insurance companies is to help their members in the event of some disaster. They sprang from a charitable purpose. At first, when a farmer lost his farm buildings or his house by fire, the parishioners organized a subscription to compensate him for his loss. Then, it was found more practical and easier to create a relief fund based on yearly contributions. This fund was used to compensate the victims of disasters. In this way there was less delay. There is no question of profits. Those who look after the administration and development of these mutual fire insurance companies give their time voluntarily or almost free of charge and their zeal should not be taxed. There are no dividends, as all profits are turned back into the relief fund. Moreover, it is recognized in the amendment that it cannot be considered as commercial operations or profits, since the law says that the revenue is taxable "as though it were a profit from a business". It is thus recognized that no profits are involved. Moreover, the government commission and the Supreme Court held these same views since they stated in their conclusions that these are co-operatives without capital stock, without dividends, without refunds, and which have been established for the sole purpose of helping their members.

Mr. Speaker, this amendment, in my opinion, is a denial of justice because it is retroactive and makes subject to taxation organizations which, the Supreme Court has ruled, should not be taxed. If, in a given year, there is no fire, the treasury will have the same devastating effect as fire on the finances of these mutual companies.

I am therefore asking the minister to modify this amendment which affects at least 300 mutual fire insurance companies operating in the rural parishes of Quebec and which has created quite a commotion among their 60,000 members. This tax affects the very existence of these mutual companies which are necessary institutions and whose value is beyond doubt. I therefore ask the government to abide by the decisions of the Supreme Court and of the royal commission.

Mr. Speaker, may I be permitted now to broach a question of current interest, which concerns the right of the taxpayers from Quebec to demand that the federal government deduct from their federal income tax the amount which they are called upon to pay under the provincial income tax act. It is a hot issue in that province at the present time, especially since the Minister of Finance rejected the Quebec taxpayers' request.

It is only in this house that there seems to be any argument about the question. In the province concerned, all the people, regardless of political affiliation, unanimously recognize the fact that the federal government has absolutely no grounds to refuse a deduction based upon the most elementary justice.

All the newspapers, French or English, even those which, usually, support the Liberal party, have declared that the federal government was under the obligation to grant such a deduction and for my part I have seen no article in any paper, whatever its political colour or creed, defending the stand taken by the Minister of Finance.

Municipalities, chambers of commerce, labour unions, and a great many public organizations, associations or corporations have made representations and been unanimous in asking for such a deduction.

Opinion has never been so unanimous throughout the province. It is perfectly synchronized; the only false notes have come from the supporters of the government representing Quebec constituencies.

I admit that I find this rather strange and difficult to understand. However, we must recognize that the arguments advanced until now lacked the firmness and conviction usually shown on the other side of the house. Those arguments do not seem to have converted many people in the province of Quebec. Those arguments smell of oil, as Boileau would put it, and in reading them or listening to them one has the impression that they are the result of long sleepless nights.

Mr. Speaker, everything has been said on this matter during the past two months and

as we may well hear more about it, I shall not speak too long. In my opinion, the matter is quite simple, provided one does not try to complicate it. From the admissions made by government members, one can readily conclude that the taxpayers have a right to demand this deduction. As a matter of fact, they concede that the provinces have a right to direct taxation, and that income tax is direct taxation. On the other hand they say, after denying any prior right—which, by the way, is an encroachment upon our constitutional history—that, as far as the provinces are concerned, their right to direct taxation is "parallel and concurrent with, as well as equal to" the right of the federal government. I found these epithets in the speeches delivered by members sitting on your right.

Moreover, personal income tax, as everybody knows, has reached the saturation point; this has been recognized by the Minister of Finance, who said so during the last electoral campaign, and by the taxpayers, who are asking for a breathing spell. Looking at the income tax assessment tables, one finds that those in the higher brackets are taxed up to 80 per cent of their income. Besides, this has been unanimously admitted, and the taxpayers who just filed their income tax returns have had the opportunity to find it out for themselves in a more direct and concrete way.

But what is to become of the rights of the provinces since our first concern must be for the taxpayer. We are told this right is parallel, concurrent, equal. But these words must retain some sense for us. Parallel, concurrent, equal, these do not mean that the central government must take everything, and the provinces nothing at all. In dollars and cents this means that on May 1, 1954, the government which has taken everything and collects $300 million must give up about $20 million to the provinces that have decided to use part of their own rights. If that were not the case, that right would be a fictitious one. That seems good logic to me.

We are told, Mr. Speaker, that if there is double taxation, the onus of it must rest on the Quebec government. The Minister of Northern Affairs and National Resources (Mr. Lesage) said as much in his speech on Wednesday, April 14, as reported in *Hansard*, at page 4078:

> This double taxation is exclusively due to the decision of the Quebec government which now attempts to throw the blame upon the Canadian government. This reminds me of the little boy who pulled the cat's tail and replied to his father who had told him to stop: "I am not pulling; the cat is".

That is what the hon. minister said. Well, I wish to tell him amicably that this is a feline suggestion, to say the least.

Who is responsible for this double taxation? The one who has rights and decides to use part of them, or the one who has the same right, a parallel, equal and concurrent right, and who takes all? Is the Quebec government to blame for this double taxation when the federal government collects $300 million and the other wants to raise $20 million, a ratio of 1 to 15? Why should the government levying the smaller sum be blamed? I confess that I do not understand that very well, especially when it comes to a parallel, concurrent and equal right.

Moreover, Mr. Speaker, the province of Quebec is refused a $20 million deduction, charged with levying double taxation and offered $40 million if it will sign a free and voluntary agreement. It should not be forgotten that it is always the same taxpayers who pay. The province is being offered $40 million, but it only wants about 20 and wishes to collect it itself; that is really what is being refused. The taxpayers would thus save about $20 million, but they are not allowed to do so.

When we consider that this amount of $20 million represents 1/200 of the total budget, that is ½ of 1 per cent, it seems to me that we have not been used to such meanness on the part of the federal government.

Another objection that has been raised is the fact that if such a deduction were granted, the very principle of the federal-provincial tax agreements would be affected.

We might say, right away, that, when these agreements were signed, it was stated that they would be of a temporary nature. They will terminate in 1957 anyhow, which removes any idea of permanency. They might be renewed, it is true, but who can say whether it would be on the same basis. It is also true to say that some cabinet ministers have made statements to the effect that such temporary agreements should be permanent, but there again, the provinces did not respond to these appeals, which nevertheless make it appear as if they were being sounded upon the matter.

Therefore, since these are temporary agreements, there can be no principle involved. Moreover, a section in the Quebec income tax act states that the act will be in force for three years.

That section seems to have been forgotten. Taking for granted that the federal-provincial agreements will be carried out and that they

will expire in 1957, and, also, that the provincial income tax act will expire in 1957, I cannot see how this could affect the economy of the agreements. No province could complain since the province of Quebec will draw less than she would have received if she had signed an agreement.

Then we are told that there should be some way to come to an understanding. We have on the one hand—I repeat here what the hon. member for Bonaventure (Mr. Arsenault) has said—a government that wants to give and, on the other hand, a government that wants to receive. That is the very point, Mr. Speaker. It is true that there is, on the one hand, a government that wants to give but, on the other hand, there is the government of the province of Quebec that does not want to receive.

Efforts are being made to buy what is not for sale. Here is the situation in a nutshell. The government of Quebec wishes to collect its own taxes and does not care for gifts or favours. It wishes to exercise fully, entirely and freely the powers of an autonomous and sovereign government, in its own sphere and within its own rights.

Our constitution and the jurisprudence established by our courts and the privy council, when they have been called upon to provide an interpretation on that point, establish clearly that the provinces are sovereign in the fields granted to them and which are described in section 92 of our constitution. The levying of taxes which are needed for the purpose of administration is one of the prerogatives of a sovereign state. That is what the province of Quebec wishes to do. It needs money to cover the cost of its education and public health programs and of the administration of the social measures it has adopted. The government of Quebec wishes to collect that money itself and does not want any subsidy from the central government.

It has been said that this was a struggle between the Union Nationale and national unity. I must say, Mr. Speaker, that it is not a struggle between Union Nationale and national unity and that those two phrases are too similar to imply the slightest idea of struggle. Sir Wilfrid Laurier, the Right Hon. Ernest Lapointe, Alexandre Taschereau, Lomer Gouin, P. J. A. Cardin and all the great Liberal leaders have stated, in one way or another, that it was a false and nefarious principle for a sovereign government to provide subsidies to another sovereign state.

[Mr. Perron.]

In saying that, I do not think that they endangered national unity. Let me quote what Sir Wilfrid Laurier said:

> It is a completely false principle which permits one government to receive revenues and another to spend the money; that will always lead to wastefulness.

People have not been up in arms as a result of that statement, so far as I know. On the contrary, I believe everyone applauded it. Today, it is exactly the same thing as we must decide whether the province of Quebec shall or shall not rely on subsidies. In my opinion, we should not worry about national unity, even if some hon. members seem to worry about the Union Nationale.

Quebec has always generously contributed to the assistance given less privileged provinces. She has done so since 1945 without demanding any compensation, while other provinces have received subsidies; Quebec has thereby contributed more than any other province of our confederation to the maintenance of Canada's economic stability. It is not because Quebec wants to avail herself of a right that this economic equilibrium will be disrupted. The people of Quebec understand that they are citizens of a great country and they want to keep on contributing to its development and greatness. In return, they have the right to demand firmly what is rightly theirs. It would only be an act of distributive justice to accede to their request.

Before concluding my remarks, I wish to say that I am proud of my party's stand on this matter. In demanding that we respect the pact which brought about confederation, the Conservative party follows the tradition of its great leaders, Sir George Etienne Cartier and Sir John Macdonald. I am all the more happy at the stand taken by my party that it was the very stand taken by such great Liberal leaders as Laurier, Mackenzie King, Taschereau, Lapointe, and others, during more than half a century. The Liberal party is shunning its past in favour of a centralization which is the very negation of the principle embodied in the constitution, and such centralization is bound to have evil consequences on Canadian politics. Fortunately, we are in a position to foresee that the Conservative party, which was responsible for confederation, will be one day entrusted by the Canadian people with the task of stemming the tide of centralization and of rebuilding that which will have been destroyed.

Because of the importance of this question of personal income tax, and because this government has turned down the Quebec

taxpayers' request, I take the liberty, Mr. Speaker, before resuming my seat, of appealing from this decision to the Prime Minister himself. I do so on behalf of 300,000 taxpayers and in the very name of justice, placing this question outside and above the realm of political partisanship.

(Text):

Mr. W. Ross Thatcher (Moose Jaw-Lake Centre): Mr. Speaker, I should like to say a few words on this legislation before it is passed. I assume that this will be the last budget the Minister of Finance (Mr. Abbott) will bring down. I hope to spend about 30 minutes telling him what I do not like about his current effort. Nevertheless, I think I should say in passing that I am sure history will record that the Minister of Finance has done a first-class job in the years during which he has been Minister of Finance.

Now, Mr. Speaker, in analysing this current budget, one fact very quickly emerges. Nine years after the war, at a time when most Canadians are tired and weary of heavy federal taxation, the government once again is providing little or no tax relief. The concessions offered by the minister in his speech before Easter amounted only to about $40 million. If we work that amount out on a per capita basis, it means that the average Canadian this year will receive tax relief of only about $2.67 each. Surely hon. members will admit that this reduction is trifling and insignificant.

During the coming year the minister is proposing to take the staggering sum of $4,460 million from the pockets of the Canadian people. I believe this total is about $60 million more than he took from them last year. I am convinced, Mr. Speaker, that our present tax burden is already adversely affecting the Canadian economy, particularly in the fields of employment and trade. In the first place, of course, it is obvious that high taxes blunt incentive and discourage initiative. Today it is also obvious that federal taxation is lowering consumer purchasing power in the domestic market. Very substantial sums which the average Canadian might otherwise spend to build a house, buy an automobile, or purchase farm machinery, are being siphoned off in high taxes. The resulting reduction in the demand for goods is reflected in many Canadian cities today in reduced demand for labour.

In the third place, I think that even the Minister of Finance (Mr. Abbott) would have to admit that our present tax level is hurting our investment program in new plant and new equipment. I think we would have been in trouble several years ago had it not been for the heavy influx of United States capital. Personally I have always believed —and I believe today—that, where taxation is concerned, there is a point of diminishing returns. When that point has been exceeded, individual and corporate saving is hindered, and the creation of new jobs is jeopardized.

Finally, Mr. Speaker, I contend that our present tax rate in Canada is helping to force up the Canadian cost structure. Many authorities tell us that Canadian prices are among the highest in the world. We are being undersold in both the domestic and the export market in many instances. We are being undersold despite our modern factories, despite our proximity to natural resources, and despite our technical knowledge. I contend that one of the reasons we are being undersold, is the heavy federal tax burden which is imposed upon Canadian producers. During the past winter Canada experienced a mild but very definite economic recession. At one time we had more than 540,000 persons unemployed. That was a greater number unemployed than Great Britain had in the same period. In proportion to population, I think it was a greater number of unemployed than the United States had. Yet, in this budget, the government has taken virtually no steps to deal with the problem of unemployment.

I believe that the primary aim of this budget should be to check the present mild recession in Canada before it becomes really serious. The government should adopt fiscal policies which would make the economic climate more favourable for individuals and for business to expand, thus indirectly creating a greater demand for labour. As I see it, the first step in promoting such expansion should be a sharp reduction in federal taxation. The minister argues that if he cut taxes, he would lose revenue that he needs. In taking such a position it seems to me that he is failing to grapple with the basic problem involved. I contend that he could reduce taxation yet still balance his budget, if he would curtail relatively unnecessary expenditures, and if he would eliminate waste, extravagance and duplication in government services. Surely a dollar saved by economy means just as much to the federal treasury as does a dollar collected in taxes.

In his budget speech the minister admonished Canadian industry to eliminate waste and to cut expenses. I think that Canadian business would take that advice more to heart, Mr. Speaker, if the minister and his colleagues had themselves been setting a better example in conducting the biggest business in the country, which is the federal

government. In his speech before Easter the minister gave no assurance whatever to the people of Canada that he planned to be more thrifty. Not a word was spoken, nor a promise given, concerning the elimination of waste or the reduction of costs in government. I remind the Minister of Finance of the old adage, that actions speak louder than words. I think his advice would be more effective if he practised what he preached. In his budget speech of a year ago about the main contribution he made with regard to saving was this, and I quote from page 2121 of *Hansard* of 1953:

> We are, for example, this year inaugurating a suggestion awards plan in the civil service which we are confident will, over the course of time, result in many major and minor improvements in efficiency of operation . . .

What saving has the plan produced? I quote from *Hansard* of December 9, 1953 at page 735:

> Approximately 30 suggestions have been implemented which will result in an estimated savings of $6,500 for the first year each actual suggestion in efficiency of operation . . .

I think savings of that kind are rather paltry. It seems to me, Mr. Speaker, that in this house the word "economy" is like a foreign language. If you mention it too often, you are likely to get into trouble. Yet if we are going to have real tax reductions in the near future I think something must be done to cut federal expenditures.

Time and again the Minister of Finance has suggested to opposition members that they should be specific, and that they should try to pinpoint places where they think savings could be made. I have gone over the estimates this year, as I have gone over them in the past. I shall try to make specific suggestions again this afternoon, even though I know many hon. members may not agree with what I have to say. I should like to make a few proposals to the minister for his consideration.

My first specific suggestion has to do with the Canadian National Railways. According to a report which was recently carried by the Montreal *Star* and other papers, the C.N.R. is proposing this year to build a 1,000-room hotel in the city of Montreal. The new building is to be a luxury hotel which will accommodate 2,500 people at banquets and 4,000 people at conventions. The president of the C.N.R. is not proposing to build this hotel out of revenue. Rather he is coming once again to the taxpayers of Canada for another handout. I suggest that there are certain reasons why this handout should not be forthcoming.

Two years ago parliament approved a reorganization of the capital stock of the C.N.R. That reorganization had the net effect of wiping out approximately $1 billion in liabilities and substituted therefor non-interest bearing stock. At that time we were given the assurance that, if the reorganization went through, the profit and loss picture of the C.N.R. would be greatly improved. To a degree it has improved. Nevertheless, despite the reorganization, and despite the fact that the C.N.R. has literally billions of dollars invested. in 1952 it was able to show a profit of only $142,000 and in 1953 of only $244,000. A few weeks ago, when appearing before a parliamentary committee, President Gordon told that committee that he expected the railroad this year would once again be deeply in the red.

Perhaps I do not know very much about business, but it seems to me that it is not sound business practice for a company to indulge in luxury expenditures at a time when it has a substantial deficit. I think this should be particularly true with regard to the C.N.R., when we look at the past record of their hotel system. The profit and loss picture of the hotel system has never been particularly good. One of the best years was 1952. In that year, with an investment of $31·5 million, the hotel system showed a profit of $535,000. But even that profit was only a bookkeeping profit, as the annual statement points out, because adequate depreciation reserves were not set up. Yet despite the past history of the hotel system, Mr. Gordon now comes before parliament and suggests that the taxpayers should spend another $20 million on another hotel. How are we to know that this building might not be another white elephant? I want to tell the Minister of Finance (Mr. Abbott) that in my opinion the people of Canada are most willing to finance capital expenditures for the C.N.R. if or when they are opening up and developing the country. Such a policy is sensible and logical in a country like Canada. But I do not believe that the building of a luxury hotel any place in Canada falls within that category of expenditure. When Mr. Gordon can show a substantial profit for the C.N.R. let him come to parliament and propose to spend that profit any way he wishes. If he wants to build a hotel, that will be his business; but until the time comes when he can build it out of revenue it seems to me that such an expenditure should be struck from the estimates.

Mr. Abbott: It is not in the estimates.

Mr. Thatcher: I would refer hon. members to vote 179 in the estimates of the Department of Labour.

Mr. Abbott: What is the number of the vote for the C.N.R.?

Mr. Thatcher: I am sorry, but I have not the number available offhand.

Mr. Abbott: The reason I ask is that there is no vote.

Mr. Thatcher: It is an expenditure which is being proposed in any event for the current year.

Mr. Abbott: Not by the government.

Mr. Thatcher: What is the difference? The C.N.R. is owned by the government. I would refer the house next to item 179 of the estimates of the Department of Labour. This item proposes the expenditure of just under $1 million for the administration of the annuities act. In addition to the amount for administrative costs, a sum of $1 million is also being sought in order to keep the fund on a sound actuarial basis. The original purpose of the annuities act was to permit people of moderate means to make provision for their old age. Even with the advent of a better old age pension scheme I think there is a place for the annuities act in our overall system of social security. On the other hand, I cannot convince myself—and I am speaking only for myself—that it is sound or sensible to sell federal government annuities at less than cost.

Since the inception of this legislation the taxpayers have been forced to bear costs in the neighbourhood of $33 million. I strongly believe that when government annuities are sold, the premiums should be sufficient (1) to carry the administrative costs and (2) to keep the fund sound. I think that annuities could still be sold at prices which would be most competitive and considerably under the prices that insurance companies charge for similar kinds of policies. I emphasize that I think the annuities act is a useful piece of legislation, but I urge the government to save roughly $2 million annually by making operations under the act self-sustaining.

Mr. Gregg: Before my hon. friend goes on to something else, may I be permitted to ask a question? May I ask if his remarks regarding annuities represent the present policy of his party?

Mr. Thatcher: I thought I made that very clear. I said that I was speaking personally. I am quite sure that the leader of this group and probably certain others do not feel as I do, but I still think it is a matter which, as a member of parliament, I should discuss. I trust I have made myself clear.

Item 98 in the estimates of the Department of External Affairs calls for an expenditure of $200,000 for the international civil aviation organization. The purpose of the vote is to provide the organization with rental charges at less than commercial rates. When the vote was originally authorized in 1950 the amount was only $64,000, but the amount has been increasing each year. Up to the start of the present fiscal year the taxpayers have subsidized the organization to a total of $310,000. May I say at once that I think Canadians are most happy to have the headquarters of the organization in Canada but, speaking for myself, I can see no reason why the organization, like Canadian organizations, should not pay its own rent. I believe that the subsidy of $200,000 should be discontinued.

I draw the attention of the house to items 53 and 54 of the estimates which call for the expenditure of approximately $2,400,000 for the overseas shortwave broadcasting service. I remind the house that this service was originally inaugurated during the war, and my understanding is, that its main purpose was to keep in contact with our troops overseas. When our troops came home, there was of course no need for this type of communication. It is quite true that the broadcasts have some propaganda value overseas but I do not think that the costs, which have been increasing year by year, are anywhere in line with the value received by the Canadian taxpayer. The elimination of this expenditure could save the taxpayer $2,400,000.

In the fifth place, I think that a good deal of money could be saved by the elimination of duplication in various government departments. I believe, rightly or wrongly, that since coming to Ottawa I have seen overlapping which no business firm could afford. I should like to give the house an example of what I have in mind. I would refer hon. members to sessional paper 161-A. That return shows that in the city of Ottawa alone, the federal government today maintains forty-five separate and distinct libraries, at a total cost to the taxpayers of $750,000. The Department of Justice has three separate libraries. The Department of Mines and Technical Surveys has four separate libraries. The Department of National Defence has seven separate libraries in the Ottawa area alone. The Department of Northern Affairs and National Resources maintains five separate libraries. The Department of the Secretary of State contains two, the Department of National Revenue has two, and so on.

In addition to the libraries operated by the different government departments, there are those in such agencies as the national film board, the civil service commission, the public archives, the R.C.M.P., Central Mortgage and Housing Corporation and so on. I simply cannot believe that so many libraries do not represent duplication. I

suggest to the Minister of Finance that if he would consolidate them he could probably save in the neighbourhood of $250,000. I suggest also that the example of libraries is only typical. It seems to me that the government is riddled with similar types of duplication in government departments.

I should like to refer now to sessional paper 120-B which was tabled for me earlier this session. This sessional paper shows that in the past year, the atomic energy control board made two grants at Deep River for the building of churches. The first grant was for $75,000 and was made to St. Alexander's parish church, a Roman Catholic church. The second grant of $142,000 was made to the community church, a Protestant church. Both churches were fairly elaborate in their construction. I should like to quote from the Ottawa valley *Ensign* of November 21, 1953, which contains a report of the proceedings at the laying of the cornerstone of the Roman Catholic church. The paragraph reads as follows:

> The future church, an apricot brick structure, will feature tinted glass windows, a bell tower displaying a 60-foot high spire, laminated wood trusses of Gothic design in the interior, and a baptistry directly below the bell tower.

In other words, it is a fairly luxurious church, and obviously the Protestant church is even more so because almost double the amount of money has been spent on it. I take exception to these grants for two main reasons. In the first place, as far as I can find—and I am subject to correction if I am wrong—these items were not in the estimates. If they were, they were certainly well hidden, and I do not think parliament discussed the expenditures before they were made. In the second place, I object to expenditures of this kind because in my constituency, and I think in other constituencies in Canada, the people themselves contribute towards the building of churches. It seems to me that this expenditure singles out one separate community for special treatment. I do not think it is fair that people elsewhere in Canada should have to contribute taxes to build a church in any community, and I hope that expenditures of this nature will not happen again.

Item 76 in the estimates proposes to provide $130,000 for a number of paintings for the national gallery. This is in addition to the expenditure of $350,000 made late in March for that same purpose. Personally, I cannot become too enthused about expenditures of this kind. It seems to me that in this period of heavy federal taxation some kind of limit should be put on them. I suggest that, at the very outside, the national gallery should spend in any one year no more than $150,000. If that had been done this year the taxpayers could have been saved $330,000.

[Mr. Thatcher.]

In the seventh place, I think one of the very foolish expenditures, if I may call it that, was connected with the government's decision this year to move the film board down to the city of Montreal. My understanding is that by the time that palatial home is completed, and by the time a staff of 475 and their families are transferred, the taxpayers will be out between $6 million and $7 million. I guess it is too late to do anything about it; but if it were possible I would certainly suggest to the Minister of Finance (Mr. Abbott) that he could save that $7 million very easily by leaving the board in Ottawa, without the service being impaired.

In the eighth place, I feel impelled to say a few words about the civil service. And I want to emphasize, as I did when the Minister of Labour (Mr. Gregg) queried me, that I am only speaking personally, and not for this group. However, as elected representatives I think it is our duty from time to time to go over the payroll of the civil service. Now, it is a fact that in recent years our civil service numbers have been increasing very rapidly. I would remind the house that at the outbreak of war in 1939, Canada had a civil service that, in all, totalled 46,106 persons. During the height of the war, when we had such organizations as the war-time prices and trade board, rationing boards and the like, our civil service was only 115,000 persons. By 1950 it had moved up to 125,000; and according to a parliamentary return, at the beginning of this year our civil service numbered 135,000. If you add casual employees, the Royal Canadian Mounted Police, commission employees, and ships' crews to our civil service, then at the start of the year it numbered 172,000. And that figure still did not include the 152,000 who were employed in government corporations and agencies.

Now, it is quite true that Canada has grown mightily in wealth and in resources since 1939. But I find it rather hard to understand why, with a population increase of 40 per cent since 1939, our civil service should have almost tripled in number. I think our record in this regard should be examined all the more carefully when we compare what has been happening in Canada with what has been happening in the United States and Great Britain. From October 1952 to October 1953 in the United States, under the Eisenhower administration, the civil service was reduced by 197,000 employees or 10 per cent.

Last year Prime Minister Churchill was able to reduce the civil service in Great Britain by 20,000.

Now, in view of those figures many taxpayers throughout Canada are wondering if it is really necessary for our civil service to continue to grow and grow. Today in Ottawa scarcely a week goes by when some new board or commission is not set up. And when a new office is set up it must have a new staff. My experience has been—and I am speaking generally—that when a board is disbanded, usually the employees who were working for it are simply sent over to some other branch of the civil service. Over the years, that kind of policy cannot help but tend to impair efficiency.

I am speaking subject to correction, of course, but as I see this problem there are some departments which have superfluous civil servants. I shall give one specific example to the Minister of Finance, in the hope that he might examine it. This has to do with the office of the deputy minister of national defence. In 1944, at the height of the war, the combined offices of the deputy ministers of air, army and navy had a staff of 98. In 1946 there were only 77. But today, according to a parliamentary return tabled earlier in the house, Mr. Drury's office has 114. There may be a reason for the expansion; but on the surface, at least, it looks to me as though there might be something out of line. I feel that the number of government employees could be reduced without impairing efficiency. I am not suggesting that the government should commence any large-scale program of dismissals. I know that such a program would not be feasible, nor would it be desirable. But I do suggest that, generally speaking, the numbers of the civil service should be frozen at the present level, even though a few exceptions might have to be made. I think a sharp reduction could be accomplished if vacancies in the future were not filled by new appointments, but rather were filled by a reshuffling of existing personnel. If treasury board should see fit to indulge in such an economy drive, I believe the taxpayers of Canada in the coming year could save $30 million or $40 million.

My ninth suggestion has to do with item 283 of the estimates, and the subject of national fitness, which comes under the Department of National Health and Welfare. I I am pleased to see that there is an expenditure this year of only $78,000. This expenditure has been reduced by about $125,000 annually over the last several years. But I still do not think we have done quite well enough. When this legislation was inaugurated during the war, it was for the purpose of co-ordinating physical fitness programs among the various provinces. Actually, while it has done a certain amount of good in distributing literature, and the like, by and large the program has been a disappointment. In the first place, two provinces did not come into it at all; and in the second place the division which was supposed to be interested chiefly in physical education has, in later years, become mainly interested in adult education, including such things as the drama. I do not think the taxpayers are getting value for their money and I suggest the item should be deleted from the estimates.

Mr. Martin: Perhaps you and I are in agreement.

Mr. Thatcher: I hope so, Mr. Minister.

I refer next to the estimates of the Post Office Department. Hon. members will recall that early last year the department had the firm of J. D. Woods and Gordon Limited come in to do an examination to see whether greater efficiency was possible. One of the major recommendations of the company was that the post office savings branch should be discontinued. Company officials claimed a saving of $377,000 could be made. I am aware of the reasons given by the Postmaster General (Mr. Cote) as to why he did not think this was a logical saving. Nevertheless I would like to see the matter re-examined. I think there was merit in the Woods and Gordon suggestion.

In the eleventh place I would refer to item 251 in the estimates, which has to do with sick mariners' treatment service. Since confederation the treatment of sick mariners on a prepaid basis has been provided at Canadian ports. Under the Canada Shipping Act tonnage duties are levied against ships using this service to offset the cost of providing the treatment.

In the year 1952-53, according to the public accounts, 20,000 Canadians were treated under the provisions of the act and 89,000 foreign seamen. That year the cost of the service to the taxpayer was $588,000. Yet, the revenue collected on duties was only $340,000, or a net loss of about $250,000. Perhaps there are reasons why my suggestion would not be feasible, but it seems to me that it would be logical to increase the duties which are charged for this service until they cover the cost. If that could be done I suggest that the taxpayer could be saved in the neighbourhood of $250,000 a year.

Mr. Martin: Would the hon. member recommend that that be done?

Mr. Thatcher: It looks logical to me; if it is not, I would be glad to hear from the minister.

Mr. Martin: I would be very glad to have that question put.

Mr. Thatcher: I remind the minister and the house that 80 per cent of the service is provided to foreign seamen rather than to Canadians.

A saving which I mentioned a year ago had to do with the printing of government pamphlets, bulletins and publications, which seem to me to be of little value to the taxpayers. In the year that has gone by I do not think very much has been done to curtail those unnecessary expenditures. I hold in my hand the annual catalogue which is put out by the queen's printer. It is headed: "Canadian Government Publications." As one looks through the publication, he cannot help but be appalled at some of the things on which the government is spending money to have printed. I recall the hon. member for Notre Dame de Grace (Mr. Hamilton) pointing out some of these pamphlets. For instance, on page 213 I find one having to do with the "Cruising speed of goldfish in relation to water temperature". On page 215 I find that a bulletin is put out by the government on "The effect of fin clipping on the cruising speed of goldfish." I question the value to the taxpayers of bulletins such as these. On page 444 I find a bulletin listed on "Land snails from the Canadian Rockies"; another one, "Some shell heaps in Nova Scotia". On page 446 I find listed: "Dinosaur tracks from Peace river". On page 447 "Hooded Hadrosaurs of the Belly river series of the Upper Cretaceous".

Mr. McCann: Is there anything funny there about Moose Jaw?

Mr. Thatcher: I have not been able to find it. If you know anything, I would be glad to mention it.

On page 451 I find this publication listed: "The lizard Chamops from the Wapiti Formation of Northern Alberta"; on page 453: "The Inviting-in-Feast of the Alaska Eskimo"; on page 454: "Abnormal Types of Speech in Nootka". One can go on page after page—

Mr. Pickersgill: May I ask the hon. member a question? Is it not true that all the publications he has mentioned are merely reprints of relatively short learned articles which appeared in publications that have to be published anyway, and that they bring in a little extra revenue by being separated from the publications in which they appear?

Mr. Abbott: He would not know.

Mr. Thatcher: That is a true statement; I would not know.

Mr. Pickersgill: Perhaps it would be a good idea to find out first.

Mr. Thatcher: I think every hon. member would agree that hardly a week goes by that 25 or 30 pamphlets published by some government branch or bureau do not come into our offices and are consigned to the wastepaper basket. Some of them undoubtedly have value, but I am not going—

Mr. Pickersgill: If I may interrupt the hon. member again, I wonder whether he would in the next month send me all the publications that he receives from the printing bureau or from any government department that he would otherwise consign to his wastepaper basket? I would like to have them.

Mr. Thatcher: I will do better than that. I will give the minister a list of all those in this book, which will speak for itself.

Mr. Pickersgill: No, I would much prefer to have those that come to the hon. member's desk.

Mr. Thatcher: I will do that if the minister will do one thing for me. If he or the Minister of Finance will have the queen's printer assemble in the railway committee room every pamphlet, bulletin, etc., published by the government in the past year, for examination by members, I will accept his suggestion. If he did that, even he and the Minister of Finance would be surprised at the waste.

I still contend that the taxpayers could be saved several millions of dollars if some of these unnecessary pamphlets and bulletins were not printed.

Finally, Mr. Speaker, I regret that the government still has not seen fit to set up a central purchasing agency to purchase supplies and materials for the crown. Today there are dozens of different branches that are making purchases for the crown. Sometimes these branches are actually competing against each other. I doubt whether there is a single large company in the Dominion of Canada which has not a central purchasing department. Out in the province of Saskatchewan we tried it some years ago, and the provincial minister tells me that he has been able to effect a good many economies through bulk buying. A central purchasing agency of the federal government could effect very substantial economies by taking advantage of maximum quantity discounts through bulk buying. I can only guess, but I would estimate that about $10 million could be saved in a year if the minister wanted to carry out this suggestion.

I know that I have only touched on the problem of saving very superficially. Nevertheless at least it gives some indication of what I have in mind, and I suggest that if

some of the economies which I have mentioned today were put into effect a minimum of $75 million could be saved. At the same time, I also realize that if we are to make major economies it will have to come from the Department of National Defence.

I am not going into the Department of National Defence in detail but events have transpired in the last year which make me wonder whether it would not be possible to have modest defence cuts. In the first place, the shooting war in Korea has ended; and it would seem that the international situation has bettered somewhat. During the past year President Eisenhower, who is perhaps one of the greatest military men living, has seen fit to ask the United States government to carry out cuts of 10 per cent in defence expenditures, and now he is aiming for a 15 per cent cut. Prime Minister Churchill tried to effect a similar reduction in Great Britain. The Australian government is trying to cut defence expenditures by 8 per cent.

In recent months I believe the construction of airport buildings, military buildings and the like, has pretty well neared completion. Under these circumstances I believe that our defence effort could safely be cut at this time, without impairing efficiency, by perhaps $200 million.

In conclusion I repeat that the time has come when the Canadian people do want tax cuts. I also know that they cannot have tax cuts unless we have reduced expenditures. Taxes at the three levels of government today are taking one-third of our net national income. That fact is jeopardizing our trade position abroad and is contributing to unemployment at home. I call upon the federal government to set an example to Canadian industry, by improving its own efficiency, by cutting its own expenditures and reducing its own costs. If it will set such an example, then and only then is it fair for the minister to tell Canadian business to compete by becoming more efficient.

Right Hon. L. S. St. Laurent (Prime Minister): Mr. Speaker, subject to only one minor incidental exception that I remember, it has not been the practice for me to take any personal part in the debate on the budget. The government's proposals and its policies with respect to the budget are put forward by the Minister of Finance (Mr. Abbott), and in doing so he speaks for each and every one of his colleagues.

Now, this year, as in the past, the Minister of Finance has done that in a manner which in fact as well as because of our joint constitutional responsibility has the full and unqualified support of each and every one of us. There has arisen, however, an unfortunate clash over the use of direct taxing powers by the federal authorities and the authorities of the province of Quebec. The Leader of the Opposition (Mr. Drew) on two occasions already has suggested that this clash is such as to make it my duty, as Prime Minister, to invite all the provincial governments to meet with the federal authorities to deal with it. I feel that I should make a short statement to the house—

Mr. Drew: Mr. Speaker, on a question of privilege, I cannot let that statement go unchallenged. I have at no time said that it was necessary to call the premiers together to resolve the problem that has arisen with Quebec. What I said was that this problem affected all the provinces and that all the provinces should be brought together to discuss the broad question of taxation, which it is the duty of the Prime Minister (Mr. St. Laurent) to resolve in some way in view of the promises made.

Mr. St. Laurent: Well, Mr. Speaker, I stand corrected if there is any correction in what the hon. gentleman has said.

I feel that I should make a short statement to the house on my position as Prime Minister with respect to the suggestion of the Leader of the Opposition, whether it be expressed in my terms or, if he prefers, in his terms.

This clash in federal-provincial relations is not something new. It should not be forgotten that its resurgence at this time is not the result of any recent action of the federal government. It arises as the result of a statute recently adopted by the legislature of Quebec imposing taxes on the personal incomes of a certain number of Quebec taxpayers who are also taxed under the federal Income Tax Act.

The provincial statute contains an assertion that under the constitution the provincial governments have priority over the federal government in this field of direct taxation. This recent action follows the serious attempt made in the dominion-provincial fiscal conference of December, 1950, to find and to implement a satisfactory solution of the problem arising out of the present needs of the federal and provincial authorities, and their concurrent taxing powers over the same taxpayers. It might be interesting to compare this assertion of priority of right in the field of direct taxation with what I think is a quite frank and realistic attitude taken at this 1950 conference by another provincial government, that of Ontario.

We find in the report of the proceedings of the conference at page 22 that Mr. Frost said the following in that connection:

> In the past there has been a great deal of discussion over the respective rights of our federal government and our provinces in the various fields of taxation. The federal government has an unquestioned right in the field of indirect taxation. The field of direct taxation has been divided. The opinion of Sir Thomas White when he imposed the first federal income tax in 1917 has often been quoted. He stated that because the provinces and, in consequence, their municipalities were confined in the raising of revenues to the measures of direct taxation the federal government should not, except in a case of "manifest public necessity", invade the fields to which the provinces were solely confined for the purpose of raising their revenue. He indeed indicated that in entering the field of income tax the federal government was violating the spirit though not the law of the confederation arrangement.

Mr. Frost then went on:

> We believe that we must be realistic about these matters. In 1950 we are living in a different world than that of 1917. We do not think it is possible for the federal government to withdraw from the fields of personal income or corporation tax. They derive a great portion of their revenue from these fields and they are indispensable to them. What is needed is the frank recognition that there must be a joint occupation of these fields and with this recognition an active spirit of co-operation between the provincial and federal governments. The federal system of government is a partnership and if it is to operate efficiently it must be a working partnership. We believe that ways and means of either assigning or sharing these fields of taxation can be devised which will be mutually satisfactory to the federal government as well as to the provinces. After all, such a recognition carries with it the realization that both federal and provincial taxes come from the same source, namely, the Canadian taxpayer.

Mr. Fleming: Hear, hear.

Mr. St. Laurent: I do not believe anyone can dispute that the federal government does derive a great portion of its revenues from these fields. In fact, the taxes from these fields yield almost 60 per cent of the total federal revenue, about $2·5 billion of total revenues of something less than $4·5 billion.

Now, are those revenues indispensable to the discharge of the federal government's national responsibilities? To get an answer to this question, we have only to remember that the debt charges amount to about half a billion dollars; that federal subsidies and tax rental payments to the provinces amount to about $340 million; that defence and defence production expenditures amount to almost $2 billion—$1,900 million; and that welfare expenditures disbursed by the Department of National Health and Welfare and by the Department of Veterans Affairs amount to almost a billion dollars. Well, that represents almost four-fifths, almost 80 per cent of the total federal expenditures. I feel everyone will admit that all these are national responsibilities, have become national responsibilities, and that provision for them has to be made.

I am not disputing that the provinces and municipalities also have pressing fiscal needs. I am merely saying that Mr. Frost's realistic statement of December 1950 is still true as a realistic appraisal of the situation now. It is true also that the federal system is necessarily and inevitably a partnership, and if it is to work efficiently it must be a working partnership. We tried our best at the expiry of the wartime tax agreements, and again in 1950, to devise a method whereby our system could operate as a working partnership, based on that frank recognition of the fact that our fiscal needs were such that there had to be joint occupation of the field of corporate and personal income tax or an appropriate sharing of the revenues derived from that field.

On the other hand it is not in agreement with the facts to say that the federal government failed to recognize its undertaking given when the wartime agreements were made, that they would be only temporary agreements. They were only temporary agreements and they came to an end. But the problem did not come to an end and because it did not come to an end we tried to devise some way of meeting it, and having found that our so-called green book proposals were not acceptable to some of the provincial governments we offered to renew the wartime tax rental agreements on a basis which provided a larger share of the revenue to the provinces than during the years of the war. No province had to make a new agreement, and as a matter of fact the two largest provinces did not make any new tax rental agreement, although seven of the then nine provinces chose to make them and they were authorized by acts of parliament and of the legislatures and became operative. But they were all temporary agreements and it had been one of the undertakings at the time they were being discussed and being prepared for signature that there would be another dominion-provincial fiscal conference at least a year before they expired to determine what would happen when they again came to an end.

That conference took place in December 1950 though the agreements were still to operate until March 31, 1952, 15 or 16 months before the expiry of the agreements. In December 1950 the situation was as described by Mr. Frost in his opening speech at that 1950 conference, and we could think of nothing better to suggest than a further renewal, because the problem was still there. We did make that suggestion, but we did

not pretend that these tax rental agreements were an ideal solution nor that they should or could be a permanent solution, but we had been unable to devise anything that was apt to work out as satisfactorily under the conditions which existed at that time. We and others felt that there was some merit in a system of sharing the proceeds of these taxes on a fair basis rather than having each one of two or more authorities imposing and collecting taxes from the same taxpayers in the same field.

No other scheme was discussed, though some of the provincial premiers expressed their dislike of having what they referred to as subsidies instead of exercising the responsibility of levying their own taxes. Most of the provinces, however, favoured the renewal agreements, and even the premier of Ontario, who had had no agreement since the expiry of the wartime agreement, expressed these views concerning the fiscal arrangements:

. . . I believe that these must be framed against the background of the emergent and, I hope, transient conditions to which I have referred.

We are experiencing inflation. The cost of government, as of other things, is rising. We cannot say where prices will be a year from now, let alone four or five years from now. Under these conditions we should try to avoid making decisions which will commit us irrevocably to a course from which we might find it impossible or impracticable to retrace our steps. I suggest in view of the emergent conditions through which we are passing that we endeavour to proceed to an agreement or agreements on the grounds of finding mutually satisfactory methods for the next few years which will meet the substantial requirements of the federal government and those of the provinces without making irrevocably basic alterations in our relationships.

We now have the experience of the last four years in which eight of the provinces have participated in tax rental agreements with the federal government.

Newfoundland had come in in the meantime and it had made a tax rental agreement but there was none with Ontario or Quebec.

These tax agreements have filled a need in Canada. They have been of considerable assistance to several of the provinces, and it is likely they will continue in some form to have a place in the arrangements which will be made here.

A little further on in his speech he said:

Perhaps the needs of all the provinces for the next few years would be met if we were to revise the present plan in some particulars to encourage certain improvements which experience now shows would be desirable. Probably it would be better to follow this course rather than to attempt at this time to create something which would be entirely new and untried.

After the opening speeches of the conference which are reported in the published report, the conference resolved itself into a committee of the whole to sit and discuss in camera. The only published record of what took place in the in-camera discussions is the offer which was submitted by the Minister of Finance (Mr. Abbott) and his explanatory statement about that offer followed by the release of the agreed statement to the press which was issued and published after the in-camera sessions had been adjourned. That is to be found at page 137 of the published report of the conference and it is in these terms:

The conference discussed:

1. The offer of the federal government for new tax agreements;
2. The offer of the federal government respecting old age security.
3. A provincial proposal for an amendment to the constitution to permit the provincial legislature to levy an indirect sales tax at the retail level.

It will be remembered that at that time there was also being discussed at this fiscal conference the proposal for the universal old age pension scheme which would require an amendment to the constitution, and apparently there also had been discussed the suggestion of an amendment which would permit the provincial legislatures to levy indirect taxes at the retail level.

The statement goes on:

It was agreed:

That the proposed amendments to the constitution regarding this indirect tax and regarding old age pensions should be drafted by the Department of Justice and submitted to the provincial governments for early consideration;

That a continuing committee should be set up to consider the character of legislation which would be appropriate respecting persons between the ages of 65 and 69 and to what groups thereof and under what conditions it should be made applicable in each province;

That the continuing committee should be under the chairmanship of the Minister of National Health and Welfare and should be brought together as soon as provincial decisions had been reached on the constitutional amendment;

I believe the constitutional amendment referred to in that last paragraph was the one which would be required to provide for the old age pension.

The statement continues:

And that the provincial governments would consider the proposal for new tax agreements and indicate their respective positions at a later date.

It was also decided to suspend the further deliberations of the federal-provincial conference on constitutional amendment and of its continuing committee of attorneys-general pending consideration of the tax agreements and related matters. Once these have been disposed of, the committee of attorneys-general will resume its deliberations at the earliest convenience of the federal and provincial governments.

Here I digress for a moment to call attention to the fact that this is the explanation of the fact that the federal-provincial conference on constitutional amendment and the continuing committee of attorneys general have not met since that time. It was agreed

that their deliberations would be suspended. It must be recalled that that conference had nothing to do with any other actual amendment to the constitution than the provision of a method whereby subsequent amendments could be made here in Canada without having to be referred to the parliament of the United Kingdom. It was realized that that was something that was desirable but not urgent and something about which it was not apt to be possible to reach any agreement if we could not reach an agreement on the immediately urgent fiscal problems that we had to deal with. Hon. members know that those fiscal problems and the matters relating to them have not yet been disposed of. Of that fact there can be no better evidence than the turn which part of this debate has taken on the present budget.

But with respect to the tax rental proposals I was of the opinion—as I still am—that these temporary agreements were, under the circumstances, good agreements; I was of the opinion that they were good for Canada and good for each one of the provinces. They recognized and gave effect to the concurrent rights of Canada and of the provinces in this field of direct taxes. I do not think that they impaired in any way the constitutional jurisdiction either of parliament or of the legislatures of the provinces. They also provided that, while they were in force, the people of each province would have for their provincial services a fair share of the kind of taxes which are made possible by the general economic activity of the Canadian nation, although for collection purposes they cannot be evenly productive throughout the whole country. I can assure the house that if I had felt that the agreements could have meant any permanent impairment of either federal or provincial jurisdiction, I would not have been prepared to recommend them.

The situation at the present time is such that I think it would be a grave responsibility to make any permanent change in what was provided by the original act of 1867. That does not mean that there cannot be agreed to from time to time a *modus vivendi* as to the way in which the respective powers of the federal authorities and the provincial authorities will be exercised. But I cannot bring myself to believe that I would be prepared to take the responsibility of any permanent alteration in the constitutional powers as they were allocated between the federal authorities and the provincial authorities at the time of confederation.

I happen to be—as I happened to be in 1950—the Prime Minister of Canada, but I am a resident of Quebec; and I am just as firm a believer in the integrity of our federal system with its division of powers and responsibility as is any other Canadian, whether he is a resident of Quebec or of any other province. Both as Prime Minister and as a resident of Quebec I would have been happy to see my native province participate in this *modus vivendi* because I did not see nor can I now see in it any danger or threat to either federal or provincial constitutional rights.

The statement agreed to after the in-camera discussions, and published at that time, was that each province would consider these tax rental proposals and would indicate its position at a later date. There followed a great many more negotiations between the Department of Finance and the individual provinces, and within eighteen months or so nine of the ten provinces indicated their respective positions and entered into the proposed temporary rental agreements which are to extend to March 31, 1957. The government of Quebec did not do so, however. It just abstained from having any further dealings or discussion with us about the matter in any way or form whatsoever. I saw in the Montreal *Star* some time ago a report that Mr. Duplessis said that he had written to me and to the Minister of Finance (Mr. Abbott). He may have written to me and to the Minister of Finance, but not about any solution of the fiscal problems between the federal authorities and Quebec, unless he is referring to some correspondence we had when we were discussing the grants to universities. In one of those letters he said this: Why do you not turn over to me 5 per cent of the personal income tax? That will be more than you are offering to Quebec universities under this $7 million grant. I replied that this grant would expire on March 31. I do not remember just the date of the correspondence but it was some little time before March 31. I said: You know that under the present act we cannot make any remission of this 5 per cent of income tax to the provincial government. We could merely give it as a deduction to a taxpayer who had paid a provincial income tax to your government. The other thing is the constitutional lapsing of this vote unless Quebec's share is taken from it before March 31. Can we not find some scheme which will not prejudice your position or ours but which will not leave these Quebec institutions without their proportion of this grant which is about to lapse? For that year an arrangement was worked out whereby there was a joint commission of the federal government and the provincial government to make the allocation and to recommend a way in which the grant would be paid to the institutions in Quebec. But that had nothing

to do with the general possible collision between the exercise of federal rights and the exercise of provincial rights in the field of direct taxes.

Then, as the house knows, a few weeks ago, without any suggestion whatsoever from the Quebec government that some kind of agreed working arrangement with the federal government might be desirable, the Quebec legislature passed this taxing statute which is in force and which gives rise to this controversy. It is in force and those of us who reside in Quebec must comply with it. Like many others, no doubt, I myself have commenced to comply with it and have made my first quarterly payment in accordance with its terms. Under the legislation as it exists, and as it was known to exist at the time that the Quebec statute was passed, we who are taxed by it will be entitled, when we settle our 1954 federal income tax, to a credit not exceeding 5 per cent of the federal income tax, though the provincial tax amounts to 15 per cent or more. According to my calculation—I may be leaning backwards—it is something over 16 per cent in my case. Of course no one likes the idea of having to pay about 10 per cent more income tax because he resides in the province of Quebec than if he resided elsewhere. The question arises: What can be done about it? Well, it is my opinion, Mr. Speaker, that anything which can be done about it will have to be the result of some kind of temporary agreement between the federal authorities and the Quebec authorities. I hope it is not the view of the Quebec authorities that there cannot be any kind of agreement with the federal authorities because of the danger of impairing what they claim to be involved in the autonomy of Quebec. I hope they do not feel that there could not even be any exploratory negotiations with us, but if that were the situation I do not see how there is any way of avoiding the consequences of this clash.

Surely no one will suggest that this parliament should agree or could agree to recognize the asserted claim of Quebec's priority of rights over the rights of the nation as a whole in the field of corporation and personal income taxes. If the fathers of confederation had been so unwise as to make that the law of the constitution, of course we would have to get along with it as best we could in spite of its paralysing effect upon the nation as a whole. But fortunately it is not the law of the constitution and this government and this parliament, I am sure, are too conscious of our respective responsibilities to the nation as a whole, the nation of today and the nation of future generations, to do anything that would tend to make that the law of the constitution.

What then is the alternative? The Leader of the Opposition (Mr. Drew) has suggested, perhaps not as a complete alternative but as something that should be done, that there should be a federal-provincial conference. Well, what reason is there for bringing together the representatives of the other provinces? The other provinces have all made tax rental agreements which still have about three years to run. These agreements were entered into in good faith. They were entered into under the authority of acts of parliament and of the legislatures of the respective provinces, and I think Canada has got to live up to them unless they are modified by mutual consent.

This government is not going to suggest to the provinces that have made these agreements that they should consider modifying them unless we have got some better reason for doing so than the mere fact that one of its provinces has not made a similar agreement and has proceeded to levy its own taxes without any agreement at all. No one will suggest, I am sure, that the federal government should or could give preferential treatment to any one province. I think we would all feel that just could not be done. No one, I hope, would suggest, in order to give Quebec taxpayers more generous deductions than those now provided for in our income tax law, that we should either increase the tax rental payments to the other provinces or agree that they too may impose their own taxes and get for their taxpayers, at the very substantially increased expense of the federal treasury, somewhat more generous deductions. The federal treasury just could not stand either of those courses.

On the other hand, I think that everybody hopes some temporary arrangement can be worked out which will enable the people of Quebec to get for their province's services a fair share of the taxes on corporate and personal incomes without having to bear income tax burdens greater than those which prevail elsewhere in Canada. How that eminently desirable result can be achieved in some other way than through the way agreed to by the other provinces I do not know, but there may be alternatives. I hope there are alternatives. Since the taxing statute was passed many individuals and groups of individuals have had thoughts and made suggestions about possible alternatives. One proposal has been put before the provincial commission on constitutional problems by the institute of chartered accountants of Quebec.

I have not seen their brief, but the Montreal *Star* in its issue of April 27, 1954, had this to say about it:

It proposed a sweeping revision and a sharing of tax fields along lines which may, or may not, be adapted to the national need but which deserves study just the same.

The *Gazette* of Saturday, May 1, reported that the Montreal board of trade had also submitted a brief to the same commission. The report reads:

The Montreal board of trade proposed yesterday that the Quebec royal commission on constitutional problems prepare immediately an interim report on income and corporation taxes and urge the provincial government to confer promptly with federal government representatives to find a satisfactory compromise to end an "intolerable situation". In a brief presented at a commission sitting here, the board said it believes the matters in dispute must and can be settled by negotiation without impairment of the constitutional rights of the province, "provided the negotiations are approached in a spirit of good will and having in mind the interests of the taxpayer".

I am sure any negotiations would be approached in a spirit of good will and having in mind the interests of both the federal and provincial governments and the very pertinent fact that those interests affect the same taxpayers of both levels of government. Briefs have also been submitted by the chamber of commerce and many other public bodies and, as I have said, we ourselves have had representations from many individuals and groups who are concerned, as we all are, about this problem.

But the only authority we can recognize as entitled to make suggestions for the province of Quebec is the Quebec government. I think that is self-evident, and that is why the Minister of Finance (Mr. Abbott) stated in his budget speech that if there was a desire for co-operation and collaboration the premier of Quebec would always find the door open for full and frank discussion in the hope of finding a mutually satisfactory solution. Some persons, both in this house and outside of it, have tried to describe that as an invitation to the premier of Quebec to come cap in hand knocking at the federal door. Of course it is nothing of the kind, and I do not think it is helpful to try to so distort it. It was and it remains a sincere and genuine expression of readiness at all times to sit down with the authorities of Quebec for a full and frank discussion of any alternative to a tax rental agreement and the hope that they will indicate their readiness to do so too. It implied our further hope that through these discussions we might be able to find a mutually satisfactory solution. That is, of course, still our position, and those are still our hopes.

[Mr. St. Laurent.]

If, after negotiations between us and the Quebec authorities, it appears that there is some kind of *modus vivendi* which could be agreed to between us and which would respect the rights of both the federal and provincial authorities, and which could be offered to other provinces or any of them, in lieu of their present tax rental agreements, and still leave the federal government in a position to discharge its national obligations, I would not hesitate a moment to invite representatives of all the provinces to meet with us in another conference. But, quite frankly, I do not think that under any other conditions the holding of a federal-provincial conference now would be desirable, or apt to be at all helpful.

Mr. H. O. White (Middlesex East): Mr. Speaker, at this moment I do not propose to discuss any of the problems with which the Prime Minister (Mr. St. Laurent) has just dealt. I am going to leave that to those who have made a study of federal-provincial affairs.

I do wish to say that I appreciate what was said by the hon. member for Moose Jaw-Lake Centre (Mr. Thatcher) regarding the budget and the savings that could and should be made in the administration of our affairs so that the Canadian taxpayer, whether he be a manufacturer, a farmer, or engaged in any other occupation, could lower his costs of production.

I rise today to protest against budget resolution No. 6 in the amendments suggested to the Income Tax Act. It reads as follows:

For the taxation of a resident mutual insurance corporation, other than a life insurance corporation, as though the surplus arising from its insurance activities on and after January 1, 1954, were a profit from a business, and declaring that a non-resident mutual insurance corporation, other than a life insurance corporation, shall be deemed to be and always to have been subject to taxation on that basis.

I was one who thought that when the Supreme Court of Canada ruled on the case of the Stanley Mutual of New Brunswick this question of taxation of farm mutuals was a closed book. However the Minister of Finance (Mr. Abbott) has seen fit to introduce it in his budget, for reasons which I cannot quite understand.

First of all, what I do understand is that from that proposed taxation only about $130,000 could be expected. When one thinks of that amount and compares it with the hundreds of millions of dollars the government is taking from the people, and spending, he realizes at once that it is only a small pittance. And it is for this reason I rise in my place today to voice my protest against resolution No. 6.

I do so, first, because in their long history the farm mutual fire insurance companies have provided fire insurance at cost to their policyholders—and I say "at cost" and not at a profit. Never in their long history have they indicated a profit.

I protest in the second place because this move would aid in the final and eventual elimination of many of the farm mutual insurance companies.

Thirdly, I protest because the minister has not seen fit to accept the ruling of the Supreme Court of Canada in the case of the Stanley Mutual in the province of New Brunswick.

Fourth, I rise to protest because the minister failed to take into consideration the fact that in addition to the premium they pay, the farmers and others insured must also sign a premium note to the extent of a percentage of the face value of the policy. And the premium note is for no other purpose than to share in the losses—not in the profits—that might come to policyholders of mutual insurance companies, and to assist in their financing.

I understand there are about sixty-eight local mutual companies operating in Ontario. They operate in areas where in most cases fire-fighting equipment is either inadequate or non-existent. Therefore they are taking risks that many straight line companies do not take, and do not care to take.

Then this question arises in my mind: Who are the real culprits behind the minister who are so insistent that budget resolution No. 6 shall be proceeded with? Through the years the premiums paid by farmers on their policies have varied according to the costs of providing the insurance. But, as I say, there has always been the premium note which has stood as a guarantee against loss. Surely, of all people, the minister is or should be aware of the fact that mutual fire insurance companies, as in respect of other companies, must have reserves with which to operate.

I think this is an ill-conceived move and one that should be dropped. And I am not alone in this, because members on all sides of the house know of the plight of these insurance companies and of the resolution, and are just as perturbed as I am about the final and net result which, in many cases, would mean the elimination of small farm mutuals, some of which have been in operation since prior to confederation.

(Translation):

Mr. Paul E. Gagnon (Chicoutimi): Mr. Speaker, the refusal of the government to grant the income tax deduction requested by the taxpayers of the province of Quebec brings once again to light the matter of the rights of the central government and of the provincial legislatures.

It therefore seems appropriate to recall the debates that preceded and followed the pact of 1867, to stress certain statements made at that time and in the years that followed and to analyse the decisions brought down by the courts in that matter.

The arguments I wish to submit today to the kind attention of this house lead me to believe and to assert that the provinces have a prior right in the field of direct taxation. In support of that theory, which is not new, I would like to quote the opinion of a few legal lights and political leaders. I have taken those statements from works pertaining to constitutional problems.

During the debate on second reading of the act of 1867 in the House of Lords, Lord Carnarvon, who had helped the Canadian delegates put the finishing touches to the document, stated:

(Text):

The several provinces which are now free to raise a revenue as they may think fit, surrender to the central parliament all powers under this head except that of direct taxation . . . But there is, as I have said, a concurrent power of legislation to be exercised by the central and the local parliament. It extends over three separate subjects—immigration, agriculture, public works.

(Translation):

In the case of the Liquidators of the Maritime Bank of Canada *v.* the Receiver General of New Brunswick, Lord Watson clearly defined the character of our constitution and the status of the federal and provincial governments:

(Text):

The object of the British North America Act was neither to weld the provinces into one, nor to subordinate provincial governments to a central authority, but to create a federal government in which they should all be represented, entrusted with the exclusive administration of affairs in which they had a common interest, each province retaining its independence and autonomy . . . In so far as regards those matters which by section 92 are specially reserved for provincial legislation, the legislation of each province continues to be free from the control of the dominion, and as supreme as it was before the passing of the act . . .

The provincial legislature possesses powers not of administration merely but of legislation in the strictest sense of that word; and within the limits assigned by section 92, of the act of 1867, these powers are exclusive and supreme.

(Translation):

To those who contended that the British North America Act broke all ties between the crown and the provinces, the privy council answered that the latter were not subordinated to a federal government, and reasserted the supremacy of the province in matters reserved for provincial authority.

(Text):

And, in Hodge *v.* the Queen, Spragge, C.J., says:

The provinces had possessed plenary powers upon subjects of a local and domestic nature before confederation; and the general scheme of confederation appears to have been to leave to them the plenary control of these subjects. They were, under the act, legislatures in regard to these subjects in the true and full sense of the term. This is the more apparent from the use of the words "exclusive" and "exclusively" (and they are used repeatedly), in the imperial act.

The following passage from the argument of Mr. Edward Blake before the privy council in St. Catharines Milling and Lumber Co. *v.* the Queen, may be quoted in this connection:

What then was the general scheme of the act? First of all, as I have suggested, it was to create a federal, as distinguished from a legislative union; but a union composed of several existing and continued entities. It was not the intention of parliament to mutilate, confound and destroy the provinces mentioned in the preamble, and, having done so, from their mangled remains, stewed in some legislative cauldron, to evoke by some legislative incantation absolutely new provinces into an absolutely new existence. It was rather, I submit, the design and object of the act, so far as was consistent with the redivision of the then province of united Canada into its old political parts, Upper and Lower Canada, and with the federal union of the four entities, Nova Scotia, New Brunswick and the resettled parts of old Canada, Ontario and Quebec—it was the design I say, so far as was consistent with these objects, by gentle and considerate treatment to preserve the vital breath and continue the political existence of the old provinces. However this may be, they were being made, as has been well said, not fractions of a unit, but units of a multiple . . .

(Translation):

Sir Alexander Galt, who had advocated legislative union in a speech delivered in Toronto, nevertheless made the following statement during the parliamentary debates of 1865:

(Text):

In transferring to the general government all the large sources of revenue, and in placing in their hand with a single exception, that of direct taxation, all the means whereby the industry of the people may be made to contribute to the wants of the state . . .

(Translation):

Remembering that Galt was then minister of finance in the Canadian legislature, and, as such, entrusted with the estimates of the new provinces, that he was one of the men most responsible for the pact of 1867, moreover, that he was a known centralizer, we realize that even the advocates of a strong central authority were giving up direct taxation exclusively to the provinces. It was then a source of revenue of little importance, quite unpopular—just as it is today—which they thought it was almost impossible, or at least very difficult, to put into force.

During the 1867-1917 period, as I said here recently, the central power, recognizing the exclusive rights of the provinces, abstained from encroaching upon that field.

(Text):

As Mr. Benjamin observed upon the argument in Russell *v.* the Queen before the privy council on May 2, 1882, referring to sections 91 and 92:

The general rule of construction is one of course which your Lordships will keep in view, that general words are controlled by special and specific provisions; that you do not take general words to override special provisions, but you take special provisions as constituting in their nature exceptions to the general words.

(Translation):

The reference at the time was to the right of Ottawa to regulate the liquor trade.

In the case of Bank of Toronto *v.* Lambe, this point of view would seem to have been approved.

(Text):

Their Lordships adhere to that view, and hold that, as regards direct taxation within the province to raise revenue for provincial purposes, that subject falls wholly within the jurisdiction of the provincial legislatures.

(Translation):

Before the Supreme Court, Mr. Justice Sedgwick, in the Local Prohibition case, expressed the view that the act is an agreement, a treaty, a pact concluded by independent communities upon federating. He says:

(Text):

When a general subject is assigned to one legislature, whether federal or provincial, and a particular subject forming part or carved out of that general subject is assigned to the other legislature, the exclusive right of legislation, in respect to the particular subject, is with the latter legislature. For example, parliament has marriage, but the legislatures have the solemnization of marriage. On that subject they are paramount and supreme.

(Translation):

And so, any particular matter handed over to a province may not be absorbed by a general matter handed over to the federal government, even though one would be included in the other.

Lord Watson, to explain his interpretation of sections 91 and 92, in that case, states:

Any other interpretation of the general authority devolved upon the Canadian parliament by section 91, in addition to the powers therein enumerated, would not only be contrary to the intention of the act, in Their Lordships' opinion, but would also be tantamount to divesting the provinces of any autonomy.

Clement, in "The Law of Canadian Constitution", at pages 480 and 481 clearly stated that the particular excludes the general:

(Text):

From any large general class in either section must be excepted any particular class in the other which forms a branch or subdivision of the larger general class.

For example: from the general class "criminal law (sec. 91, no. 27)" must be excepted the particular class, provincial penal law, sec. 92-15.

From the "regulation of trade and commerce, section 91, subsection 2, must be excepted trade "licences", section 92-9. From "property and civil rights," section 92, subsection 13, must be excepted many items contained in section 91. From "the administration of justice in the province" must be excepted certain branches of jurisprudence which are to be found wrapped up in some of the items in section 91.

It has, indeed, been suggested that all the items of section 92 are in the nature of exception to section 91; but, while there is a sense in which the proposition is certainly true, it is equally certain that in the sense of the rules under discussion some of the items in section 91 are particular classes to be excepted out of larger general classes enumerated in section 92.

(Translation):

In the case of Citizens Insurance Co. *v.* Parsons, in 1880, Judge Montague Smith analysed the potential conflicts between the subject matters of section 91 and those of section 92.

(Text):

He believes that the legislature could not have intended that the powers exclusively assigned to the provincial legislatures should be absorbed in those given to the dominion parliament. He gives as an example the celebration of marriage in a province and direct taxation. He adds:

. . . so the raising of money by any mode or system of taxation is enumerated among the classes of subject in section 91; . . .

But direct taxation within the province in order to raise revenue for provincial purposes has been assigned to the provincial legislatures by section 92, so it obviously could not have been intended that in this instance also the general power should override the particular one.

(Translation):

A general power cannot include a particular power which flows from it.

In the case of Hodge *v.* the Queen, in 1883, the privy council refused to recognize that provincial parliaments were inferior institutions. Their Lordships stated that, within the limits of the subject matters and fields mentioned in section 92, "the local legislature wields a supreme power and enjoys the same authority as the dominion parliament". This may be found at page 59 of the report of the royal commission:

Sovereignty resides in the state. Central and local governments are the agents of that sovereignty and they cannot destroy or control each other.

(Text):

Joseph Doutre in "Constitution of Canada", page 222, says:

According to the well-known rule where a general intention is expressed in a statute and the act also expresses a particular intention incompatible with the general intention, the particular intention shall be considered as an exception," direct taxation must be considered by section 92 as being excepted from the monopoly given in general terms by 91st section to the federal parliament.

Bora Laskin, professor of law at the University of Toronto, in Canadian Constitutional Law, Toronto, 1951, notes that the respective taxing authority of dominion and provinces may not be used by either of them to sterilize powers of the other government.

(Translation):

If the federal government had a prior right in the field of direct taxation, the provinces would, in fact, be deprived of this source of revenue and, in spite of the explicit terms of section 92 (2), would be unable to make use of it.

We cannot maintain Canadian federalism without autonomous provinces, and our provinces would not be autonomous if they could not keep their financial independence.

Obviously, powers assigned solely to the provincial legislatures must not be absorbed by the powers granted to the dominion parliament.

(Text):

In *re* Regulation and Control of Aeronautics in Canada (1932) A.C. 54, Lord Sankey, L.C., stated that:

Inasmuch as the act embodies a compromise under which the original provinces agreed to federate, it is important to keep in mind that the preservation of the rights of minorities was a condition on which such minorities entered into the federation, and the foundation upon which the whole structure was subsequently erected. The process of interpretation as the years go on ought not to be allowed to dim or to whittle down the provisions of the original contract upon which the federation was founded, nor is it legitimate that any judicial construction of the provisions of sections 91 and 92 should impose a new and different contract upon the federating bodies.

(Translation):

If this is a compromise, Mr. Speaker, each power is a sovereign power within the limits of its attributions.

Sections 91 and 92 are mutually exclusive.

Section 95 confers on the dominion and on the provinces a joint responsibility with

regard to agriculture and immigration, with a predominance of federal authority in case of disputes.

The constitution has therefore given to the central government, in matters pertaining to taxation, powers which are limited by those granted to the provincial states. The latter have thus the exclusive power to levy direct taxes within the limits of their respective territory for provincial purposes. "The theory of the federal government's unlimited rights crushes, in its very principle, the fiscal autonomy of the provinces."

Such a conception is definitely anti-federative. A federation is not based upon the principle that one of the partners can alter the conditions of the federation or destroy it but upon a pre-established equilibrium that can be modified through evolution without any of the parties having the power to break it of its own initiative.

Through centralization of revenue sources and an almost absolute control of financial, social, and economic legislation, the Ottawa government is endeavouring to establish a national spirit which can result in a consolidation of its position but also, on the other hand, in the destruction of the loyalty of the taxpayers towards the local governments.

Some of the provinces may like to be nothing more than pensioners but the province of Quebec is not one of them. Following the example set by our ancestors, we are proud enough to refuse to be valets.

He who holds the purse strings holds every initiative, every liberality and the most powerful means to reduce refractory elements to acceptance of his ideas.

Professor Adarkar, Ph.B., in "The Principles and Problems of Federal Finance" (London, 1933), establishes a distinction between political sovereignty and legal—in principle—sovereignty. He holds that financial sovereignty determines political sovereignty, whatever the situation in respect to legal sovereignty may be.

(Text):

Mr. W. A. Carrothers, from Victoria, in "Problems of the Canadian Federation" published in *Canadian Journal of Economics and Political Science,* February 1935, states at page 28:

> Political sovereignty would be of little value without commensurate financial authority; otherwise a government would be unable to implement its own legislation.

Mr. J. A. Corry, of Queen's University, editor of the same publication, in an article entitled "The Federal Dilemma", volume 7, page 26, 1941, says:

> The wide taxing powers of the federal government, if resolutely used will help to whip the states into line.

(Translation):

Since the federal authorities cannot legislate in one way for French-speaking Canadians and in another for the other citizens of the country, it becomes important that "the province of Quebec which is, *de jure* and *de facto,* the legal and political habitat of French-speaking Canadians" have and maintain the necessary executive, judicial and legislative powers as well as the revenues for the good administration of the rights and privileges which belong to her exclusively.

Those privileges, essential to the survival of our racial group, have been guaranteed to us by the pact of 1867 and any encroachment upon Quebec's autonomy amounts to a breach of the contract between the two great races of this country.

Authorities agree that section 92, subsection 13—pertaining to property and civil rights in the province—was included in the act of federation for the sole purpose of—

> —safeguarding the fundamental institutions and ways of life of Quebec.

That quotation is taken from page 34, volume 1, of the report of the royal commission on dominion-provincial relations.

The case of Quebec is truly unique in our federation. All provinces except Quebec have the British civil law. All except Quebec and Newfoundland have divorce courts. All except Quebec and Newfoundland have a system of neutral public schools. All provinces except Quebec have but one official language, English. Quebec is the only province with a legislative council. Finally, this province is the only one having a majority of its citizens who do not speak English, that is the French-speaking group.

One should not lose sight of that historical fact.

Any amendment to the constitution requires the consent of all contracting parties.

(Text):

On February 18, 1925 the then minister of justice, Mr. Lapointe, said as reported at page 298 of *Hansard:*

> . . . the British North America Act itself is not only the charter of the Dominion of Canada; it is just as much the charter of the provinces of Canada. We derive our powers from the British North America Act; so do the provinces. They have no constitution other than the British North America Act; all their powers they derive from that act. Would it then be fair for us to arrogate to ourselves the right to change the act which is just as much the constitution of the provinces as it is our own?
>
> . . . the conclusion is that we cannot ask for power to alter, without the consent of the provinces, the constitution which is their own constitution as well as it is ours. I ask my hon. friend this question. Confederation was achieved and the new parliament was opened in 1867. Does he believe that two years afterwards, in 1869, for

instance, this parliament could have fairly and reasonably amended the B.N.A. Act or have asked the imperial parliament to amend it, without the consent of the four original provinces? Could he fairly say that that could have been done two years after the opening of this parliament? If it could not be done at that time, could it be done 25 years afterwards, or even 50 years afterwards, without the consent of the contracting parties in the pact of confederation?

I heard it suggested some time ago that this idea at confederation of a treaty is an antiquated idea. Maybe it is. But truth does not cease to be truth when it gets old; and old truth is always true. You cannot prevent the facts from being facts whether you like them or not.

(Translation):

A dishonest practice aimed at drawing the sympathy or hatred of the ignorant and the anti-French elements, which has become popular in certain quarters through the insidious propaganda of centralizers, consists in painting the supporters of autonomy in the darkest colours and calling them separatists or isolationists.

However, nothing could be more false. What we are defending in rejecting legislative and fiscal absorption is the sacred right of remaining ourselves, of preserving our language, our religion, our ideals and our culture within the Canadian community.

(Text):

Referring to tax rental agreements in his budget speech last year the Minister of Finance said:

The virtue of this approach was that it was not dependent for success on the unanimous acceptance by all provinces. A cardinal principle in the offer was that no pressure, direct or indirect, should be placed on any province to accept an agreement. This has been a fundamental position in the federal government's attitude ever since.

(Translation):

Quebec, therefore, could, without running the risk of being blackmailed or criticized, refuse to sign the proposed agreement.

As for personal income tax, the federal legislation, recognizing that a provincial tax of that kind is possible and legitimate, allows specifically a 5 per cent deduction from the federal tax.

The central government thus recognizes, to a certain extent, the principle of deductibility.

To object, now, to this right being exercised, is to show open intention of forcing the province of Quebec to meet the requirements of the central power, which are opposed to the principles of sound democracy.

It is unjustifiable, we read in the brief submitted to the right hon. the Prime Minister of Canada by the chamber of commerce of the district of Montreal, to draw a distinction between a taxpayer entrusting the federal government with remitting to the provinces a share of the taxes he has to pay, and the taxpayer who divides it himself.

The stand taken by the Prime Minister is no surprise to me, for he stated, at Winnipeg, in July 1953, that he didn't want to go down in history as the one responsible for depriving the federal government of powers that may be vitally needed to ensure our common salvation.

He prefers to take the responsibility of "undermining the federal pact, and surrendering the French Canadians to the majority", wrote Mr. Andre Laurendeau, after that statement was made. It is he who, as the legal adviser to the Rowell-Sirois commission, advocated a return to the first days of confederation, in other words, one fiscal authority in possession of all important revenues, and provinces supported by grants. It was also he who stated, in this very house, that the federal parliament could abolish section 133 of the constitution providing for the use of French in official documents, without the necessity of obtaining the prior consent of the provinces.

It would be impossible to imagine that those who drafted the agreement of 1867 would have wanted to bring about the disappearance of the provinces or to place them in such a position that they would be unable to benefit fully from the advantages of that sovereignty which they already possessed and to exercise those prerogatives devolved upon them by the act itself.

Those who represented at the time Lower Canada, that is, the province of Quebec, would never have signed a treaty divesting my fellow citizens of rights and revenues indispensable to their existence.

They knew in 1867 that in order to build schools, colleges and universities, government help was imperative; they knew that subsidies were necessary to preserve them, and still it was decided to leave to the provinces absolute authority on matters pertaining to education.

When offering subsidies to universities, the federal government recognized that they needed financial assistance. The step they then took in an unconstitutional way, why would they not take it indirectly, in the way advocated by the Quebec legislature, namely through allowing the deduction of the provincial tax from the federal tax. They would thus co-operate in the application of legislation designed to help those institutions.

For the central power, this is a nominal sum, $15 million at the most, taking into account the 5 per cent deduction already allowed and provided for by the act.

The Department of External Affairs will grant this year $31,450,000 to help other countries and international organizations and the Quebec taxpayers would be refused the few millions they claim?

Twenty-five million dollars are given under the Colombo plan in order to further the economical development of coutries in south and southeast Asia, but the legitimate claim of the people of Quebec is rejected.

Leopold Richer wrote on March 27, 1954, in *Notre Temps*:

> Ottawa is acting as if it wanted open warfare or desired to crush the national unity which it pretends to build up and defend.
>
> No concessions for Quebec, say the Liberals. No concessions for Quebec or the Vatican! But, on the other hand, let us make every possible concession to the communist governments and to Mao, the communist dictator of China!
>
> That is how we are ruled. The Quebec Liberals betray the highest and most permanent interests of their province. They scarcely can be proud of such an attitude!

Like everybody else, judges have very different views, on political issues, says the royal commission report, at page 60. Should by any chance the present finance minister (Mr. Abbott) be appointed to the supreme court, it would be easy to foresee what rulings would be rendered in judicial disputes between the provinces and the central power.

The rights of the provinces in the field of direct taxation cannot be denied and autonomy becomes an empty word if the revenue essential to its preservation is not guaranteed through the granting of exclusive sources of revenue.

Notwithstanding the opinions of our fashionable "internationalists" and of our ambassadors of "good will", who are much more preoccupied with the fate of South Koreans or Indians than with the future of French Canadians in our confederation, the present struggle is not partisan in scope.

The main cause is the unjust and repeated encroachments of the Ottawa government on the fields allotted to the provinces. The struggle is that of those who ask for the integral respect of the 1867 contract between the two great races established in Canada, that of free men who cherish their financial and economic independence, without which it is impossible to exercise the other freedoms inherent to a sovereign state, that of people opposed to the dictatorship of socialist centralizers.

In that struggle, conducted not only for the benefit of the citizens of Quebec but for the welfare of all Canadians, we, of Quebec, are ready to fight until final victory is ours.

The people are on our side. We shall remain in the van as champions of provincial autonomy; we wish to prosper, but not by begging subsidies and alms from the government in Ottawa, not by being the servants of a wealthy but stingy master. We wish to work in peace and harmony with the central power, "to be united," as Talleyrand said "like a horse and its rider," provided the horse is not always the province of Quebec.

Let there be no barriers to our cultural development; let us have the necessary taxes to make our educational system prosper and, as always, Quebec will remain one of the glories of Canadian confederation.

Mr. Speaker, it is essential that the sacred interests of national unity and of our country should not be confused with the political interests of the Liberal party.

Mr. H. J. Michaud (Kent, N.B.): Mr. Speaker, on the occasion of my first speech, I would like to congratulate you upon your elevation to the high office of Speaker of the house.

The day a new member delivers his first speech is surely a day to be remembered. It is an opportunity for him to express the feelings which are a source of joy and satisfaction in the fulfilment of the duties he has assumed; it is also for him an opportunity of appraising some fearful aspects of the perspectives that open before him.

My first joy is, no doubt, to say how deeply honoured I am to represent in this house the good people of my constituency. The county of Kent, faithful to its tradition, once more indicated its confidence in the great Liberal party by sending me here to support this government, headed by a great leader, the right hon. Prime Minister (Mr. St. Laurent). Political history tells us that, since 1900, the county of Kent has been represented by a member of the Liberal party for forty years.

I therefore feel happy to uphold that tradition which, I hope, will be maintained for many more years.

The thought of those who preceded me in this house makes me fear the task I am beginning to fulfil, knowing that they have fulfilled theirs with brilliance and experience. But their example will be a source of inspiration to me, as I proceed forward along the path that lies ahead.

May I be allowed to mention at this point those predecessors of mine who are still alive. Many hon. members know with what zeal and devotion my immediate predecessor, the Hon. A. D. Leger, discharged his mandate during the thirteen years he spent in this house. It was to no one's surprise, such being the case, that his many years of

selfless service, his merit and his experience should have brought upon him the very great honour of being called upon to sit in the other place. Many hon. members here too will have known and appreciated the member who sat for Kent from 1935 to 1940, Mr. Louis P. Robichaud, of Richibucto. He has always devotedly served his county where he has been for a record breaking number of years a most diligent and devoted secretary-treasurer of the municipality of Kent. Some too will remember Mr. Telesphore Arsenault, who sat for Kent from 1930 to 1935. Mr. Arsenault, who is now over eighty years of age, also resides in Richibucto, loved and respected by all who know him. I also want to say a word about the member for Kent from 1911-17, Mr. Ferdinand Robidoux, a lawyer, who now resides at Shediac. Not only is he active in national causes, but he also is a devoted servant of his own municipal corporation. And without leaving the federal scene, I should also like to mention the name of Mr. Pius Michaud, who practises law in Edmundston, N.B.

Mr. Michaud sat in this chamber for seventeen years, and although he is 84 years old, he is still very active, and may I add that he has always been for me a most genial uncle. Here again, I want to recall the memory of the late Dr. E. N. Leger, federal member for Kent riding from 1890 to 1892, until his untimely death; the latter was my uncle, as well as the uncle of hon. Senator A. D. Leger. I now want to talk about the provincial political field, to recall the name of the Hon. A. A. Dysart, now judge of the New Brunswick court, former provincial member for Kent riding during 27 years, and premier of the province of New Brunswick from 1935 to 1940, and the memory of the late David Landry, former member for Kent from 1908 to 1917, who was successively minister of agriculture and provincial secretary-treasurer; he also was a most distinguished uncle of mine.

Mr. Speaker, Kent riding is part of the area called Acadia. Its people are also Acadians, to a large extent. So, as member for that riding and as an Acadian myself, I must talk now about the celebrations which will mark, in 1955, the bicentennial of the dispersion of the Acadians.

It is useless to retrace here the different stages of this historical event, the anniversary of which we want to stress. That, however, is not the aim of the celebrations that are being prepared. They will rather point out our rehabilitation as an ethnical group. What we shall try to demonstrate during these anniversary celebrations will not be so much the negative side of this historical fact, which would insist upon what the Acadian people was not to be, but rather the positive aspect, by showing what this people is now and what it is meant to become. The lessons we shall try to learn therefrom are related to our faith in our future. We shall spread, before today's generation, all the courage and strength our fathers needed in order to obtain for us the place we now occupy in this country of freedom, Canada. And in view of our past, we shall show the present generation tomorrow's duties and obligations. The Acadian people have only one ambition, that is to contribute, by the full development of qualities and gifts bestowed by Providence, to the cultural, economic and moral expansion of this country. Mr. Speaker, there is something more to this drama of dispersion. The fact that two countries, two races, which two centuries ago were full of animosity and hostility towards each other, have come closer together, in Europe as well as in America, and live in friendship and peace, is for the world, in these days of uncertainty and trouble, an invitation to universal peace addressed to men and countries of good will.

There are in America today from 1,200,000 to 1,400,000 Acadians: 600,000 in Louisiana; 300,000 in the maritimes; 150,000 in Quebec; 150,000 in New England; 50,000 in Ontario and the western provinces. Everywhere they profess the same faith, everywhere they sing the same hymn, "Ave Maria Stella", everywhere they fly the same flag, blue, white and red, with a gold star. Except in Louisiana and in the western provinces, the main Acadian communities are united under the banner of a fraternal society, the Assumption Society. That organization aims first of all at maintaining, through its branches, a sound solidarity, and, secondly, through its insurance fund, at ensuring a concentration of the savings of its members for their own protection and for the financing of their own Acadian enterprises.

The head office of that company is located in Moncton, New Brunswick. It is in the maritime provinces, in the very heart of Acadia of olden days, that Acadian life in its most ardent and authentic form is to be found. There we have prosperous, religious, educational and economic institutions which do honour to the whole country. Religious life is organized in one archdiocese and three Acadian dioceses: the archdiocese of Moncton, the dioceses of Edmundston, Bathurst and Yarmouth, the latter newly-formed. Numerous

institutions look after our people's education. Among the most important, may I mention St. Joseph's university, Sacred Heart university at Bathurst, St. Louis university at Edmundston, Ste. Ann's college at Church Point, Notre-Dame d'Acadie college, at Moncton, and Maillet college at St. Basile, Madawaska. The two latter are classical colleges for girls.

Acadians also have their daily newspaper, *L'Evangéline*, founded through the generosity and with the help of everyone.

The French-language radio station recently set up at Moncton by the Canadian Broadcasting Corporation gives much pride and satisfaction to the Acadian groups of the district. In the economic field, prosperous co-operative societies help their members to achieve economic independence.

Mr. Speaker, as an eminent man said just a few days ago: Acadia has risen; it is on the march. True, the Acadian population is still made up primarily of farmers and fishermen, who have always been in the forefront; but that group has its own institutions, its clergy, its professional classes and its leaders. Those are additional factors that ensure its survival.

Mr. Speaker, I have just given the house a brief outline of the Acadian people who will soon commemorate the bicentennial of the dispersion. The Acadian people invite all Canadians to join them during those celebrations. They urge the Canadian government and the governments of the provinces where Acadians are to be found to commemorate the event by appropriate deeds and acts.

(*Text*):

As a maritimer, Mr. Speaker, I should now like to refer to different statements made in the house with regard to the economy of the maritime provinces. True it is that in the light of the general economy of our country there are reasons for a certain concern about our present conditions. As a stimulating measure some are advocating the Chignecto canal project for the purpose of increasing trade through our seaports. Others, viewing the need for more industrialization, are advocating the Passamaquoddy project as a means of providing more and cheaper power. Still others, in their own way, offer their own unbiased personal suggestions. But when all these proposals are made I am sure they are made with one common purpose in mind, to be of some assistance in devising ways and means to stimulate our maritime economy.

As a member from the maritimes I too have a keen desire to see that our provinces share more fully in, and contribute more effectively to, the fast expanding economy of our country. Perhaps I could illustrate to some extent the situation as it exists, if not in the whole of the maritimes at least in some parts, by relating to the house an incident which I personally witnessed a short time ago on the train to Ottawa. While I was sitting in my seat I could overhear the conversation of two young ladies sitting back of me. At a certain time I heard them speaking of a town that I knew very well, in the vicinity of my own home town. I then introduced myself and engaged in a conversation with them. I learned that the two ladies were the last members of a family of fourteen who had left their home town to take up domicile in a city west of our capital city. When I further questioned them as to the motives that had prompted the family to choose that particular city in preference to many others they gave me a still more significant answer. They said that they had chosen that city because half the people of their home town were already there. Our chief problem in many parts of the maritimes, Mr. Speaker, is a vital one. Unless we can hold at least the greater part of our natural increase of population we are faced with a future full of uncertainties. I shall endeavour to enlarge upon this statement at a later stage of my remarks.

May I now be permitted to deal more specifically with my own constituency of Kent, New Brunswick. The demographic situation of my county could not better be described than by the words of a friend of mine who, during a speech he made in the New Brunswick legislature a short time ago, had this to say:

> In Kent county the population is 85 per cent French; the other 15 per cent is divided somewhat equally between the Irish, the English and the Scotch. We live together harmoniously and we are all liberals!

Before I endeavour to outline some special aspects of the conditions in my own constituency there is one point I want to clearly establish. I am outlining this picture in a purely objective manner without attempting at this time to apportion the responsibility for this situation to any existing authority particularly. Census reports from the 1951 census give us the following information with regard to the population of Kent county. During the ten years involved there were 8,000 births registered. During that same period of time 2,000 deaths were registered. Yet our net increase was but 1,000. It is therefore apparent that in those ten years

5,000 people, or about 83 per cent of the net natural increase, have left the county. Now, if we further analyse the situation we come to other undesirable conclusions. The majority of those leaving the county are those entering the earning period, that is to say our young people. In fact, in checking with the municipal officials, I received the information that during the year 1953 there were but 12 to 15 new homes built in the whole county—that is, in a county of some 27,000 population.

Under those conditions, it is therefore obvious that we are fast moving towards the status of a population composed mainly of children and old people. This in turn brings the unhappy situation where the increasing municipal burdens have to be borne by comparatively fewer people. In fact every year the school budget requirements are becoming heavier, due to an increasing demand for a more advanced teaching program. More schoolteachers have to be hired; new schools have to be built. Yet as soon as those who during their school age were a liability to the municipality reach the age where they should become an asset, they set out for other parts of the country, due to a lack of opportunities at home. The same situation now applies in our church organizations. In my own town of Buctouche we are just starting to build a new church. Due to the high number of large families, we have to build a large church. Naturally we would be very anxious, on the other hand, to keep most of that growing generation with us, when they attain the earning period, so that they could assume their part of the financial responsibility now contracted on account of them.

What is the answer to this situation? There is but one answer: To create opportunities. We are convinced that the greater number of those leaving the county are doing so through a matter of necessity and not through a matter of their own choice. We know that to be a fact, because when these people come back during vacation periods they tell us they would come back to stay if only they could make their living.

And how do we create new opportunities? May I suggest that a special study of the local conditions be made so as to determine every possibility to provide employment for our ever-increasing population. May I suggest, furthermore, that we need at least a few manufacturing industries in our county. While I know that in speaking that way, I may sound presumptuous, I do so for one reason that possibly very few others in this house, if any, could advance: Kent county is without a single permanent manufacturing establishment. True, we have our fish plants along our shores, but these are only seasonal. For that reason I ask that the possibility of establishing any industry, be it of any size, be seriously investigated at the first opportunity. In the meantime I submit we should direct our attention towards a greater development of our primary industries, namely, agriculture, fishing and lumbering.

Agriculture, to me, always is an appealing subject. I imagine that when you are born on a farm, and brought up on a farm, it leaves impressions in your mind which will never fade. You can never forget those wide horizons, the charms and melodies of nature, the peaceful atmosphere of rural life. Nor can you forget the good people of the countryside, those rugged, hard-working farm men and women, who are the backbone of the country.

Mr. Speaker, let us be all solicitude for our country people; without them, our economy cannot be maintained. I have heard many true statements in this house about our farming people, and about the hard conditions they are facing. But I also feel that many things have been said in this house which contain something more than solicitude for the farmer's welfare; many a speech I have heard here, I submit, reflected more political display than economic dismay. Agriculture is a subject of major importance in our country, too important indeed to be abused for sheer political motives. Mankind has always subsisted through the land, and I contend that our Canadian way of life, depending to a large extent upon the prosperity of the farm, is not on the verge of disruption. When man will work the land diligently, yes in hardship at times, but also with hope, it will provide for him abundantly.

Mr. Speaker, it is well to accept those things which nature provides; but human ingenuity is also essential. Agriculture is the main industry of Kent county. Our farmers for the past few years have enjoyed certain advantages of great benefit to them; namely, the services of a devoted class of agronomists, the benefits of the price and support board, the federal freight assistance, the helpful influence of the maritime co-operative services, free courses supplied by a school of agriculture, and others. Yet they also have their difficulties. The farmers of Kent county, like those in most part of the maritimes, are mixed farmers. The mixed farmers are probably those we hear the least about, although their difficulties are as great as those of any other class of farmers. Due to the small acreage of the Kent county farm there

remains little possibility of increasing the actual operations, which often fail to provide sufficient income to make it profitable. I would, therefore, be very anxious to see that an economic survey be conducted to ascertain the possibilities of improving the present conditions.

In that respect I am convinced that there are two fields of endeavour which, if carefully studied, could be very profitable to our farmers. First, I am sure that we are losing the opportunities of a profitable market in the canned vegetable and canned fruit business. I can think of no reason why we in the maritimes should look to the outside to supply our needs of those food commodities. Vegetables of almost every kind, and many varieties of fruits, grow well in our part of the country. And the vegetable crop arrives during vacation time, when the children of our large families in Kent county could supply advantageously the necessary labour to pick those crops. And the high freight rates now existing in the transportation of goods would add to the advantages of such a project.

Secondly, I feel that for somewhat similar reasons we should be able in the maritimes to provide for our own requirements of canned milk. It was pointed out a few days ago by the hon. member for Westmorland (Mr. Murphy) that the design of the maritime industrial economy, in his own words, has suffered a decline since 1867. This situation, in some respects, has probably been brought about by an inferiority complex detrimental to our own welfare and prosperity. Why before perspectives like these should we meet only sentiments of doom, just because the initiative should start at home rather than somewhere abroad? In fact, a few experiments in some parts of the maritimes have already been made in these fields, and the results have proved very satisfactory.

A few years ago, in some sections of New Brunswick, no one had ever thought of making a great business of the strawberry crop. Today in those same areas this crop has become a thriving business, which brings good returns annually. Why could we not obtain the same results in other similar fields? These projects, canned vegetables, canned fruits, and canned milk, could be studied from a double angle. First, by subsidizing local firms or organizations willing to undertake such projects; or, secondly, by inviting firms already in those lines of business in other provinces to open branches in our own region. Such industries, I am sure, would be of great benefit to all in the maritimes, to the farming population particularly, and in a special manner to my own farming population of Kent county.

Mr. Speaker, may I be permitted to say a few words about fisheries. The fishing industry in Kent county in the matter of importance comes next to agriculture. It will be easily understood, therefore, that I attach great importance to this subject. The people of the fishing villages of my constituency are hard-working people, striving to derive from their labours, sometimes with great risk, a modest subsistence. There are two observations I wish to make at this time, with regard to this industry.

First, I want to draw the attention of the government to the fact that I believe the time has now arrived when we should give more importance to education in the fishing industry. If I remember correctly, the hon. member for Gloucester (Mr. Robichaud) in his speech earlier made reference to the matter, and I concur in what he said. In agriculture, for instance, we have our technicians, our agronomists, our agricultural schools, our farm organizations. Our fishermen are also confronted with their problems, but have no institutions to assist in solving them. New regulations in the fishing industry are enacted every year. Most of the fishermen hear of these through government officials living in their midst, not as technicians ready to assist but as officers to enforce the law.

I believe if more stress was placed upon educating these people in the different aspects of their profession a lot of complications would be eliminated when law enforcement is applied. I am happy to say that an experiment of that nature will be attempted by the Department of Fisheries in Kent county shortly. I had requested that competent authorities be sent into the different fishing centres of the county to explain, in a series of educational talks, the numerous aspects of the lobster industry. This, I am informed, will be done before the next fishing season, and I am very happy about it. I hope that this initiative will be but a first step in a complete educational program for our fishermen everywhere.

I feel that in my own part of the province of New Brunswick, facilities for such a program could easily be obtained at St. Joseph's University. This institution, through the services of its extension division, has already proven to be of great assistance to our population, and I am sure the authorities would welcome the opportunity of further participation in the education of the fishing class of our population.

My second observation, sir, bears upon a subject of a particular nature: the oyster industry in Kent county. I can well remember when a very few years ago, this industry was very flourishing in my constituency. Today it has completely disappeared. And in the face of the present economic conditions of my county the importance of restoring this industry cannot be overemphasized. Our departmental technicians and scientists have the knowledge of the causes responsible for this condition. I now urge them to investigate the situation, and to use every means to revive the oyster industry in Kent county. We need it.

The third industry of Kent county is lumbering. Many depend upon it for their main source of livelihood, others as a supplement to their farm and fishing income. As a further result, this industry provides a substantial source of labour for the stevedoring industry during the navigation period, around the ports of Buctouche and Richibucto. The recent recession in the lumber industry has been felt in almost every business field of Kent county. It is hoped, therefore, that we will soon witness a return to those conditions when activity will again reign at its peak in our forests, along our roads, and around our ports for a better climate in the economy of Kent county.

I have no illusions, Mr. Speaker. The mandate I agreed to carry when elected to this house is heavy. I trust that with guidance and assistance all will be well.

Mr. W. M. Hamilton (Notre Dame de Grace): It was with more than passing interest that I listened to the remarks of the Prime Minister (Mr. St. Laurent) this afternoon. It rather seemed to me that the Minister of Finance (Mr. Abbott), having applied the lash a little while ago, the Prime Minister was now holding out the carrot, and that both of them, to a certain extent in their attitudes, seemed to feel the province of Quebec in its attitude was playing a little bit of the donkey. I for one cannot go along with that feeling. I do feel that we learned this afternoon there was going to be no federal-provincial conference in the immediate future. We learned that the Minister of Finance was not really being nasty in his remarks in the budget debate. He did not really slam the door. We did not learn very much else. It was unfortunate, first because we do very much need a conference between the provinces and the federal government at this point to resolve some of these difficulties, and we need it, Mr. Speaker, held in an atmosphere of amity, good understanding and co-operation, and not in an atmosphere of mutual vilification, no matter how it is clothed.

We also need at such a conference to realize, all of us coming to that conference, that certain parts of this country have peculiarities that they are very proud of. The government, and particularly some of its luminaries, must realize this and approach the negotiations with the provinces of Canada with an understanding of the peculiarities and the differences of each region.

Quebec, Mr. Speaker, does not want to be set aside and treated as a region which is apart. We do have our regional differences perhaps; we have our prides and our peculiarities but I am an English Canadian coming from Quebec and that is why I am treating this subject in this way. Since I live in that province and meet the residents of that province day after day, so many of whom are French Canadians, I realize that they, their province, their philosophy and their thinking have made a tremendous contribution to the development of this country. Partially because of that and partially because of their own long history, they are jealous of their prerogatives.

They want the freedom to develop and to keep the traditions that they hold most dear. I hold no brief for those within Quebec who are isolationists and who would set the province apart. I hold no brief either for those here at Ottawa in this government who would set Quebec apart. I feel that perhaps the time has come when some of these things should be said, and when these regional differences and the necessity for operating within them should be recognized and should be emphasized.

I know as I go across this country, and I have been across it from one end to the other, that there are few people who realize just what is in the minds and in the hearts of most French-Canadian citizens in Quebec. They think of them as a people who perhaps want to live completely unto themselves. They do not realize that the French Canadian views himself as the first Canadian, as the one who is proudest, not only of his own little portion of Canada but of Canada as a whole. He views himself as having made, and as continuing to make, a tremendous contribution to the development of this country of ours. Within that framework, however, he does not feel that he should be anglicized or that he should have certain pressures exerted on him which would change his culture, that culture which has contributed so much to this country of

ours. Nor does he feel that he wants to impose his culture, his religion or his way of life or anything about him, upon the other parts of Canada.

He truly wants to live in amity with everyone. I think perhaps, Mr. Speaker—I hesitate to mention this—the change which those of us who live in Quebec can see in the attitude of those who live with us in the province towards international affairs bespeaks more than anything else the willingness of those in Quebec to learn to co-operate, and to change and fit themselves into the world as they know it. We do know that over the years the majority of the residents of our province have keenly felt the necessity for avoiding foreign wars or foreign entanglements. There have been many almost catastrophes that have occurred as a result of that feeling. Today, as our province becomes more urban, as the people of Quebec have learned more and have travelled more, the attitude of everyone in the province, French and English, toward international affairs has changed a great deal.

Just recently I read in the newspaper, for example, that the question of conscription, so long almost a fighting word in that province, was no longer a fighting word; that the people of Quebec were coming more and more to be prepared to play their part, as they have always done when the chips were actually down, in all phases of international affairs. I cite that, Mr. Speaker, and I do so perhaps using words very poorly, as some example of the thought I am trying to get across. It is a sincere desire on my part that this government should do more than simply say that the door is open. After all, doors are open under many circumstances, but people do not necessarily call at the door or go through the door unless they have reasonable assurance that on the other side they are going to be met with a welcome; they are going to be met with co-operation and kindness; they are going to be met by people who really want to sit down with them in amity and understanding to work out their problems.

I suggest, Mr. Speaker, that this government should give more indication than it has so far, not only that the door is open, but indicating the type of reception that will be found by those who go through that door. I believe that perhaps we have not as yet heard too much about that. Above all let us remember that while those in Quebec are particularly affected by this problem at this particular moment, it is a national problem that affects every province in Canada. It is going to affect us on a continuing basis until a reasonable solution is found. The evasion of the issue by not calling a federal-provincial conference is merely postponing the difficulty.

[Mr. Hamilton.]

May I call it six o'clock, Mr. Speaker?

At six o'clock the house took recess.

AFTER RECESS

The house resumed at eight o'clock.

Mr. Hamilton: Mr. Speaker, when the house rose I had just concluded making a few remarks about the possibility of a federal-provincial conference. I would like now to turn my attention to the budget generally and express at least my personal regret at the general tone of the budget and my views on what it contains. I rather like to think of it as having been brought down by a likeable Minister of Finance who brought in an unlikeable budget. It is always the case that when unpleasant things are brought in by pleasant people we never know whether to discuss the unpleasantness of the thing or the pleasantness of the person. Actually this budget is one which seems to perpetuate the government's idea that a million dollars is just a drop in the budget and that decreases in the cost of one department must be balanced by increases in the amount allotted for another department.

There is one thing though we must say about our Minister of Finance and the government generally. They do not allow being rather hopelessly in debt to prevent them from spending. Certainly that must seem to be the case in view of some of the things included in the estimates. It does seem, however, Mr. Speaker, that we badly need a more careful study of the impact of taxation on the Canadian economy. The tax problem today is more difficult than it has ever been before in our history, and it is made so by problems of national security and by the high level of our social security payments. Since there seems to be general agreement that social security payments are necessary in the world of today, there are only two major fields in which reductions seem possible. One lies in the possibility of examining national security payments, and the second in administrative expenditures of all kinds. I think that perhaps in both these fields we have a great opportunity through increased efficiency and the elimination of waste and extravagance to reduce our expenditure quite considerably.

On the other hand, to allow national security expenditure to fall below the level necessary to provide a reasonable measure of national security would be absolutely foolhardy, and also to fail to levy ample taxes for national security and other government expenditure would really be self-defeating because in a time of full employment such

as this we would pay for these expenditures in another way which would, in effect, mean inflation.

We must work toward a solution of our tax problem by making progress in two directions. First, the development and execution of policies which will provide adequately for our national security at a minimum cost; and, secondly, the development of a tax system to meet the necessary costs of government, including the cost of national security, with the least impairment of national growth and the minimum of hindrance on the development of the individual in his work and in encouraging him to make the greatest possible contribution to our economy by providing him with sufficient monetary reward.

To give some idea of how our present tax structure penalizes the individual who makes an above the average income I have worked out comparisons on taxes paid over the lifetime of the statistically average Canadian, and two hypothetical individuals, the professional man and the medium successful businessman. Working from dominion bureau of statistics figures I have assumed that these men were married at the age of 27, which is the normal age for marriage in Canada, that they had their first child two years later, and the second child again two years later, so that you have here something approximating the average Canadian family.

The statistically average Canadian I have described here starts work at 16 and works until he is 70 years of age. It is interesting to note that his income by the time he is 27 years old and married is about $2,380 and then it rises to $2,558 from the period when he is 35 until he reaches the age of 44, and declines gradually from there on. However, throughout the lifetime of this statistically average Canadian—and this average is reached by taking the incomes of all Canadians and averaging them out—this individual never makes more than $50 per week, and on this he must establish a home, keep a wife, and raise two children as well as pay the government during the course of his lifetime the amount of $3,202 in income tax. For a man who never makes more than $50 per week this is an amazingly large sum. It is more than he will make in any one year of his lifetime, and it is more than he would require to put his son or daughter through college.

Then we turn to the businessman and the same set of figures apply. We estimate that he works from 17 to the age of 70 and that his income rises gradually from $2,000 to a top amount of $4,800 and then drops down ultimately as his earning power declines to about $4,000. The Minister of Finance and his taxes, and the Minister of National Revenue (Mr. McCann) with his collections, will take from this man the sum of $21,715.

Then we turn to the professional man, the most highly paid class in Canada. I might add incidentally, Mr. Speaker, that in looking over these tabulations I was amused to find that as well as there being classes covering the professional men, salesmen, employed people and businessmen there was another class covering deceased. This made me realize just how extensive are the operations of the taxation departments.

These professional men start off at the age of 25. Up to that time they have been obtaining an education. They start off with an average income of $3,000 and eventually their average reaches $7,400 and they finish work at the age of 65 making the sum of approximately $6,500 per year. Throughout the period of his lifetime, Mr. Speaker, this professional man pays the government $34,382 in income tax.

If hon. members will examine these figures for a moment they will see how tremendous is the burden which is being borne by the person who through his own efforts, initiative, or ability stands out above the ruck in any way, shape or form. The average Canadian pays the astonishing amount of $3,202 during his lifetime in income tax alone. The businessman on a medium income of approximately $5,000 a year pays $21,700, and the professional man with the average professional man's income pays $34,400.

We must remember there are men in every walk of life, in business, in factories, and men working with their hands in industry throughout this country who have the ability and even the desire to work a little harder in order to make a little bit more money to improve themselves. But with this tremendous impact of taxation on them as individuals, what incentive is there? It is bad enough when you examine it on the basis of one year; but when you examine it on the basis of a man's lifetime, you can see the reasons which might almost encourage him not to work so hard and not to make such a contribution to our economy when so much of it is going to be taken away from him in taxation.

I should now like to turn for a few moments to one other suggestion concerning the operation of business in Canada. The responsibilities of business and of industry in this country of ours are many; but perhaps the most important one of all is the responsibility of business and industry to improve

the living standard of everyone in Canada and to supply steady jobs for those who want to work. In order to accomplish this result, business and industry must constantly improve their present products, they must create new ones and they must persuade people to buy their output. In order to accomplish this objective there are certain methods and media which they can use.

Primarily, they have the work they can do on research on their products and on the improvement of those products. They have the work they can do in the field of research in finding new markets for themselves. They have the work they can do in the field of sales and advertising efforts to move these products into the hands of the consumer once they are manufactured. To me it seems that it is a primary responsibility of government to encourage business to operate in all these fields under all conditions, but particularly to offer business and industry some opportunity and some encouragement to operate in the fields of research and distribution of their products when times are difficult and when perhaps we are in a minor recession. At that time there is sometimes a tendency for business to restrict their expenditures or to cut back on expenditures which they feel can be carried over from one year to another. When sales slip, we must offer them the opportunity and the encouragement to carry on these important expenditures because it is essentially on them that our future prosperity is going to be based.

I suggest to the Minister of Finance that there might apply here something to which I referred last November in the course of the throne speech debate. I greatly regret not having seen something of that nature done when the budget was presented to us. To be specific, I am suggesting for his consideration that every business should be given the opportunity or the right to get a tax deduction each year, in addition to that which is now allowed, up to, say, 3 per cent of their sales dollar, in order that they might buy non-interest-bearing government bonds which would be redeemable at will by the buyer. The payment on these bonds would be allowed as a deductible expense. By the terms of this suggestion this money would have to be used either for research expenditures or for advertising expenditures. The buyer of the bonds could redeem them at will at any time. If he chose not to use the money for the designated purposes, he would be taxable on the amount at the time the bonds were redeemed. If he merely held the bonds for five years, they would be automatically redeemed at the end of the period and the buyer would be taxable on the amount but he would not be taxed on that amount if he could prove that the amount of money redeemed through the bonds had been invested in research or in advertising. For research, he could use the money for the creation of new products, for new packaging or for new plant methods to produce products more cheaply. For advertising, he could use the money to stimulate the consumer into buying products through any means that were at his disposal.

The important thing is that the government of Canada would lose nothing through the introduction of such a measure because if the money was not used for the designated purposes the government would collect their taxes. If it was used for the designated purposes, there would be additional taxes coming to the government through increased business arising from the use of the money in this particular way and through increased employment which would result as the outcome of research into new products and the sale of those new products.

While this suggestion is perhaps new here, it is not really a new proposition. Something similar to this procedure has been done in Switzerland for some time. While it is a new proposition perhaps in exactly the way it is presented, we must remember that under our present tax laws, business and industry are allowed to do something quite similar in many fields. For example, through their accounting practice they can follow a procedure which moves profits from one year to another, and they can do this quite legitimately. Through inventory valuation they can accomplish the same thing. Through either capitalization or write-offs, at varying rates of their assets they can determine to an extent their taxation. Their depreciation policy generally has an effect on it. Of course, the major item is the carry-forward or carry-back of losses in any one year in so far as they affect taxes. Under such a suggested procedure the government is, of course, in the position of getting rather considerable sums of interest-free money for anywhere from one to five years. I have already shown how the government would not lose in taxes collected under such procedure.

In conclusion, I put forward an idea such as this and I point out the heavy impact of taxation on the individual Canadian not in any hope or expectation that hon. members who sit opposite are going to be greatly impressed. I do it almost with a feeling that my words are falling on deaf ears. But it does seem to me we have got to realize at some point that, although it was the individual who built this country in the first instance, in the 1500's, 1600's and 1700's and, with an axe in

one hand and a gun in the other, pushed back our frontiers, although the industrialist and the businessman, that job having been done, have furthered that development in the last forty or fifty years and brought us to the rather comfortable position which we as individuals enjoy today, these incentives and opportunities are gradually being delimited and made smaller and smaller.

The man who thinks big in Canada today, under our government regulations, under government control, under government supervision, is at a disadvantage. In looking across the floor of the house I wonder how someone like the present Minister of Trade and Commerce (Mr. Howe) would have felt if he had started out in life under the same restrictions, controls, taxation and everything else that his successors are encountering today. He is an older man now. He has made his mark, and certainly in the field of industry and engineering it is a good mark. But there are men who are going to come after him, men who are even now pushing themselves forward, who want to make a life here, a life that stands out, a life that means something, a life of accomplishment, who are not satisfied just to be another person, who are not satisfied to do another job but want to really accomplish something, and the incentive is being taken away from those people today.

Admittedly something else is being given in its place. They are being given cushions underneath them and all around them. They are being featherbedded, but the type of man I am talking about does not want featherbedding. He does not appreciate it. He appreciates the opportunity to live and do for himself and for his country to the best of his ability. I hope that in the years to come that type of man is going to be given the atmosphere in which to operate that will encourage him and lead him on. I do not think it ever will be done by the featherbedders who sit opposite. It will be done by other groups, and primarily those among whom I sit, who have a keener appreciation of what built this country and made it great, and who can make this country greater than any member of the present government can even envisage.

Mr. F. G. J. Hahn (New Westminster): Mr. Speaker, there are certain problems pertaining to the lower region of the Fraser valley and to British Columbia itself that have been well dealt with, such as the need for adequate diking and diking facilities, river crossings, provincial assistance and many others, and I do not intend to spend much more time on them. I wish to add my voice in endorsation of the stand taken by those who have raised them. We need dikes. Many people live in fear of our mighty Fraser river. We need means of crossing it, and there is a federal responsibility here. The Fraser is the St. Lawrence of British Columbia and we should regard it as such.

The fact that the Prime Minister (Mr. St. Laurent) has entered this debate is indicative of the need for a complete appraisal of the problems with which Canada finds itself faced today. Apparently the provinces are having financial difficulties. We have labour and unemployment problems. We have social assistance problems involving assistance to the aged, to the war veterans, to the blind and to the incapacitated. We have a problem of trade. We have a problem of conservation. The problem of taxation as it pertains to Quebec was dealt with to a degree by my associate, the hon. member for Okanagan-Revelstoke (Mr. McLeod). I would also urge the government to be primarily concerned about the effect that the situation may have upon the morale of thousands of Canadians forced to live in the province of Quebec at the direction of the Department of National Defence. These include men and women in the armed forces and many civil servants who are not there of their own volition. Therefore particular consideration should be given them to see to it that they are not dealt with in this fashion. I was pleased that the Prime Minister agreed that some temporary agreement with the province of Quebec must be reached.

My main reason for taking part in the debate at this time is twofold. I wish to draw the attention of the government to a problem that is applicable particularly to my own riding and to the province of British Columbia as a whole but is also national in scope. I wish to deal with the question of fisheries and also the matter of our old age pensioners. With respect to the old age pensioners I have a part of table 23 here from the census of 1951 which deals with age distribution and gives the figures for those 70 years and over in the various provinces compared with the total population.

I have taken the time to figure out the percentage represented by those 70 years of age and over compared with the total population of the dominion. If I might be permitted at this time to have the table placed on *Hansard* I think I could save an appreciable amount of time.

Some hon. Members: Agreed.

Mr. Hahn: The table is as follows:

	Age 70 and over	Total Population	Percentage of total represented by those 70 and over
Canada	652,776	14,009,429	4·7
Newfoundland ..	14,419	361,416	3·9
Prince Edward Island	6,439	98,429	6·5
Nova Scotia	35,485	642,584	5·5
New Brunswick	24,747	515,697	4·8
Quebec	138,936	4,055,681	3·4
Ontario	245,266	4,597,542	5·3
Manitoba	38,121	776,541	4·9
Saskatchewan ..	38,110	831,728	4·5
Alberta	37,504	939,501	4·0
British Columbia	73,210	1,165,210	6·3
New Westminster Federal Riding			
Delta	434	6,701	
Langley	887	12,267	
Surrey	2,486	33,670	
New Westminster	1,754	28,639	
Riding Total	5,561	81,277	6·84

On a national basis those 70 years of age and over represent 4·7 per cent of our total population. The provinces in which the figure is greater than the national average are Prince Edward Island, Nova Scotia, New Brunswick, Ontario, Manitoba and British Columbia. The provinces in which the number of these 70 years of age and over is less than the national average are Newfoundland, Quebec, Alberta and Saskatchewan. The two provinces which are well above the national average are Prince Edward Island, with 6·5 per cent, and British Columbia with 6·3 per cent, compared with the national average of 4·7 per cent.

My own riding of New Westminster is well above these averages with 6·84 per cent of its population over 70 years of age. The population of the riding of New Westminster compares with that of the province of Prince Edward Island. The reason for people settling in these two regions, Prince Edward Island and the coastal region of British Columbia is, I find, primarily climatic, but many have also come to my riding on the specific advice of their physicians.

I am not going to deal with the emotional aspect of the problem of old age pensioners at this time. As the Prime Minister said, we must be realistic. As I see it, the problem is a realistic rather than an emotional one. The provinces of British Columbia, Alberta and Saskatchewan have long realized the need of assisting these people.

Some years ago British Columbia supplemented the allowance of the aged by $10 a month. Alberta likewise had given their aged a supplementary allowance of $10 a month. So-called socialist Saskatchewan has helped their aged to the extent of $2.50 a month. This year British Columbia and Alberta have each increased their assistance to $15 a month. Saskatchewan has undoubtedly found its cost of socialistic automobile insurance and health insurance will not permit it to increase its supplementary allowance, and so has added nothing to its supplementary allowance.

So we find that British Columbia gave $15 supplementary allowance per month, that Alberta gave a similar amount, and Saskatchewan $2.50. On the yearly basis the aged in British Columbia receive $180 supplementary allowance, those in Alberta receive the same amount and those in Saskatchewan $30. In the rest of Canada they receive nothing in addition to their regular old age pensions. But those persons eligible for old age pensions and supplementary allowance have a total income in Alberta and British Columbia of $480 plus $180 or $660, and in Saskatchewan $480 plus $30 or $510. In the other provinces of Canada they receive only $480.

Apparently, federally, we expect our aged to live on less than one-half the amount we allow by way of income tax exemptions for others. The problem resolves itself into four parts. First, there is the individual's ability to get and to hold a job. The individual must obtain a job and he must hold it if he intends to supplement his own allowance.

Secondly, there are municipal obligations —the ability to give medical and relief services to the individual. Then there is the provincial obligation—the recognition of its obligations to the individual and the municipality.

Fourth, we have the federal obligation, which includes the three—obligations to the province, the municipality and the individual. If we analyse each particular case we see this: In the individual we have as a society taken this man off the market as a labourer, and he therefore of necessity frequently becomes the responsibility of the state. We have declared him too old. He is a senior citizen. The municipality in such areas as Delta, Surrey, Langley and New Westminster, which I have the honour to represent, are hard pressed. They have many more than their comparative share of the senior citizens. The figures show that 6·8 per cent of their population are those of 70 years of age and over, while the rest of Canada has only 4·7 per cent. I might point out at this time that their average of 6·8 per cent is much higher than the rest of British Columbia, which is only 6·3 per cent; and that, in turn, is much higher than that of the rest of Canada. Many of them are not revenue producing. In the past they have not contributed to the cost

of operating the municipality, and they have not paid their share of the utilities costs. Many are ill and many are in need of medical help.

Then we find such municipalities as Surrey and Delta with no hospital facilities. They depend upon surrounding areas; they need and wish to build a hospital. They have in this particular instance tried for the last ten years to raise funds to do so, but have never been able to. The national health grant of $1,000 per bed is not sufficient to assist them, even though they have more than their share of the number of aged, as compared with the rest of Canada. They need help.

This poses the question: Is it the responsibility of the municipal district that has not received any revenue from some of its citizenry to supply them with this help; or is it a federal responsibility to try to help in these areas those who have come from other provinces? And therefore should not the federal government make a substantial contribution to those areas having considerably more than the Canadian average of aged? Certainly it would appear they are deserving of some help.

In British Columbia we find the average cost of hospitalizing senior citizens is $15 per month. Our municipalities should have a direct claim on each area which has sent us some of its senior citizens. You have most of the dividends of their labours. We have some of your finest citizens you have had.

The next obligation is provincial. I maintain that since British Columbia now gives a supplementary allowance of $15 per month to these people under a means test they have met their obligation. This is specially true when one adds the medical expenses of our senior citizens to this group. As I said earlier, it is at an average cost of $15 per month for old age pensioners.

Now I come to the federal responsibility. The major taxation field is in the hands of the federal authority. They give $40 per month. My proposal would be that the federal government should increase the old age pension to at least $60 per month. Where any man or woman is denied the privilege of working because he or she is too old, such persons should not be expected to live on less than $60 per month. That should be the minimum allowance from the federal government. It must be kept in mind that the senior citizen has only one alternative: He must choose food, clothing or shelter. Canada is a cold country, so he must pay the piper for a place to lay his head. That leaves him little with which to buy things to eat and to wear. The more he eats the less he wears; the more he wears the less he eats. Simple, isn't it? Let us try it some time—or perhaps the thirties give example enough. I appeal to hon. members to make this adjustment.

Earlier in the course of this debate the member for Okanagan-Revelstoke referred to the conservation of our forests in British Columbia, a problem to which we must give attention. Trees do not mature overnight. Reforestation is a problem of today, not of the distant future. It is the responsibility of this government to help protect the industry of the future. And I am sure every member in the house, be he Liberal, Conservative, C.C.F., Social Credit or an independent, will say, "We must protect Canada's forests". Therefore I shall not devote any more time to this problem. But as I said earlier: Conservation is one of those factors that require complete appraisal.

Frequently I feel the hon. member for Vancouver-Quadra (Mr. Green) is right when he suggests that if the capital of Canada were much farther west we could expect different treatment from what we get today. I refer specifically to the apportionment of the tax dollar in direct relation to what our province contributes to the taxation coffers of the Minister of Finance.

I do not refer to the treatment from the Minister of Fisheries (Mr. Sinclair). The people of my province for a time have had the utmost respect for his decisions. Up to now the Minister of Fisheries has given careful consideration to the fisheries problem in British Columbia. We now have a further problem of conservation, however, which has not received the careful study we think he should have given it. Therefore I am bringing the question of conservation of pink salmon on the Fraser river to his attention. We find there are three means of destruction of pink salmon, the first of which is the natural means, the second of which is man's stupidity and the third, fishing.

To deal first with the natural process of destruction. I would point out that this is the law of balance in nature whereby fish eat fish and birds eat fish and spawn, thereby gradually bringing about a balance through the process of survival. This, it seems to me, is self-explanatory.

The second means of destruction is that of man's stupidity. The erection of dams and other artificial impediments prevent fish going to their spawning ground. And we might add here the factor of the pollution of water about which we have heard so much in recent days. Quite frequently pollution destroys spawn and fish.

The third element of destruction is that of fishing. This is a process of deliberate destruction by man. I would say that the fisheries problem is a dual one.

I should like to point out what the province of British Columbia has done in the matter of the conservation of salmon. I shall read the report issued by the Fisheries Council of Canada on April 23 of this year, page 2, under the caption: "British Columbia bill to guard Salmon runs endorsed":

> Vancouver *Sun*, April 9 reports: "Fisheries Minister Ralph Chetwynd in Victoria received a pat on the back for spear-heading provincial legislation to protect salmon from the river dam construction. Fisheries Association of British Columbia gave Chetwynd "full credit" for introducing Bill 47, an amendment to the fisheries act which received second reading in the legislature Wednesday. "The bill indicates the government does not intend to allow construction of hydro-electric installations at the expense of our valuable salmon fisheries", the association said. "This fact is implicit in the wording of the bill which clearly states the minister shall approve plans for a fishways, screens and other devices before construction starts." The association described Chetwynd as the "first provincial fisheries minister to fully recognize and accept responsibility which Victoria shares with Ottawa for protection of British Columbia resources against unilateral development."

Let us now go to the federal field. Here we have an announcement by our Minister of Fisheries that calls for the closure of the Fraser river above the Pattullo bridge after September 16 of each year. This affects the livelihood of some 600 fishermen, some part-time and some full-time. Now, Mr. Speaker, the fishermen on the Fraser river are aware of the need for conserving the British Columbia pink salmon run. I am sure our Minister of Fisheries will agree with that, but they are unhappy, very unhappy for very good reasons. The Department of Fisheries in its very democratic fashion sent a questionnaire to each fisherman and others interested in this business of conservation and related British Columbia fisheries problems of which closure of the river to fishing was question No. 5. To the best of our knowledge it is not proved by the majority report. If it is, then certainly the plea and resolution of the fishermen should be given more complete consideration. I will therefore read a resolution of which I am sure the minister has a copy. I refer to the resolution issued by the United Fishermen and Allied Workers' Union, dated April 8, 1954, as follows:

> Whereas the fisheries minister James Sinclair has officially stated that the Fraser river above Pattullo bridge will be closed each year after September 16, and
>
> Whereas the two reasons given are conservation and quality, and
>
> Whereas it can be shown that there is no difference in quality below or above the bridge and it does not offer a solution to conservation by closing that area but does, as a result, cause overcrowding in other areas and creates extreme hardships to those fishermen who cannot move to other areas.
>
> Therefore be it resolved that we use every means at our disposal to have the government rescind the closure above the Pattullo bridge.
>
> Be it further resolved that we make a strong demand for the postponement of any final decision until 1956 in order to provide ample opportunity for full discussion with the fishermen directly affected, to give them ample opportunity to make adjustments, and to allow them to participate in the Adams river sockeye run in 1954.
>
> Be it finally resolved we demand special compensation for the fishermen directly concerned by the federal government in event the department still insists on proceeding with the closure order.

I should like, Mr. Speaker, to deal with the preamble to this resolution. There is no question about the need of an explanation respecting the fact that the minister has called for closure of the fisheries. As far as the fishermen and I are concerned, the reason requiring the closure for conservation purposes meets with our approval. There is definite need for conservation of fish. As far as the quality of the fish is concerned, however, as you can discern from this resolution, up to now it has not been definitely ascertained that any man can go to the Fraser river and take samples of either fish that go up that river above or below the Pattullo bridge, and taste any difference in quality with any degree of accuracy. As far as the resolutions themselves are concerned I shall deal only with the one reading:

> Be it finally resolved we demand special compensation for the fishermen directly concerned by the federal government . . .

In this particular case I would say that probably the fishermen concerned might have been much better advised to have requested the government rather than demanded that they do something about it. I am sure that a request would meet with more consideration. I would say that these are probably desperation tactics on the part of those particular individuals concerned.

On April 12 the United Fishermen and Allied Workers' Union—the same union to which I made reference a moment ago—had this to say in part II of a brief which I understand they have sent to the minister:

> On February 5, 1954 the United Fishermen and Allied Workers' Union submitted a lengthy brief to the Department of Fisheries opposing this new regulation. We quote here from this brief: "The area above the Pattullo bridge accounted for less than 10 per cent of the sockeye, less than 3 per cent of the chums and less than 2 per cent of the cohoe, caught by Canadian fishermen in the Fraser river and its main approaches. Even in the Fraser river alone, area 29D (above Pattullo bridge) accounts for only 18 per cent of the sockeye, 16 per cent of the chums and 23 per cent of the cohoe. It is therefore clear that the elimination of fishing in this area is not vital to conservation of the salmon runs to the Fraser river. We might add that salmon fishing has been pursued in this area from the very beginning of the industry. We

do not believe it has suddenly become impossible to conserve our salmon, except by closing down this entire area.

We must also draw your attention to the fact that the date proposed for the closure of area 29D (above Pattullo bridge) coincides with the arrival of the Adams river sockeye run at the mouth of the Fraser. Thus, the fishermen who have been curtailed in their fishing efforts during the past eight years in order to rebuild the Fraser river sockeye runs would now be cut off, for all time, from any participation in these late runs of sockeye".

Mr. Speaker, reference to the documents that I have just read indicate that it is not a problem of conservation to deprive these men of fish that they have already conserved. They have a certain right to expect that they would have the privilege of fishing on these particular grounds. For the past eight years they have been protecting those grounds for the very purpose that they would have the right to fish when the fish began to run. Now that they are beginning to run they are being deprived of that particular privilege. I do not think that is quite playing cricket. I continue with the document:

The United Fishermen and Allied Workers' Union is absolutely opposed to the closure of the area between New Westminster and Mission bridge. We feel we should briefly sum up our objections as follows:

1. Conservation of fall salmon, pinks and chums, or any other species of salmon, is not mainly dependent upon closure of this area.

That was indicated in the percentage of fish that was caught in that particular area, Mr. Speaker. I must say that I concur in the suggestion that the conservation of the fish is not dependent upon that area above the bridge. I continue:

2. A treaty with the United States covering conservation of pink runs and equal catch division is the real need in conserving pink salmon and not the closure of any section of the Fraser.

You will probably recall that at the time of the throne speech I spoke along this same line and suggested that probably an agreement might be reached between the authorities in the United States and ourselves, particularly with the state of Washington, which is concerned, for the purpose of drawing up a commission similar to the sockeye commission to carry on the work of study of conservation. I understand that to a degree this commission is set up. I continue:

3. Equalization of weekend closures between the approaches to the Fraser and the Fraser river combined with a deliberate program of equalizing catches between Canadian seiners and gillnetters would at the same time provide a better opportunity to apply conservation measures.

In respect to this suggestion that the fishermen themselves had to make, it appears to me that if the seiners and gillnetters are prepared to take off an extra day each week to permit the salmon to run up the Fraser, and therefore allow the fish to spawn, it would be a more reasonable excuse than to deprive 600 fishermen in the one section of the river from carrying on the fish trade that they have been used to doing for so many years. The brief continues:

4. Overcrowding in the industry must be solved by a fair program of licence limitation, not by eliminating our historic fishing grounds.

I would not completely agree with this idea of licence limitation. The very fact that we are living in a world of free enterprise would, in itself, indicate that each person should be privileged to enjoy fishing in an area where others are permitted to do so for commercial purposes. However, since we are limiting the number of fish that we are allowing these people to catch, there may be a certain justification in permitting our government to issue licences to them.

Now, there is one other suggestion that I would add to this group respecting licences in those fields, and it is this. In the event of licensing, and in the event that the minister feels we are going to have to close the river, then I would suggest that the government should grant these licences and make them revocable on a basis of possibly ten or fifteen per year, as the case might be, and provide these fishermen with another means whereby they can earn their livelihood. One must understand the situation thoroughly. One must realize that the Pattullo bridge in this instance divides the Fraser at the city of New Westminster. About half of the gill netters work on the east side of the Pattullo bridge and the other half on the west side. What is being suggested is that the group shall move from the eastern side of the bridge, about six hundred of them, down into the western side of the bridge where there is a larger body of water. However, by not stopping these fishermen from fishing in that area west of the bridge I maintain, and so do the fishermen, that we are just transplanting the problem. We are not going to solve the problem of conservation. We are still going to have to tell these people they can only fish so many days each week.

I believe that the Department of Fisheries, and the capable minister, realizes that since the Fraser river channel is becoming one of the continent's most rapidly growing fresh water navigation centres, we should at least be prepared to stop fishing in that area at some time. I know that the fishermen in that area fully realize the necessity for cutting down on fishing licences, but they are not prepared to go along at this time with the sudden request that the fisheries shall close on September 16. I am quite aware of the fact that this thing has been growing for

years. I do know that the fishermen, too, had been aware of that fact to a degree, but they had not been told at any time that this was the year so that they might have prepared themselves for it. It is for that reason they are making the request that an extension be granted this year and possibly to 1956, which would give them the chance to re-establish themselves in other occupations.

As I said earlier, some of them are not fully occupied in the fishing industry, but they supplement their income by fishing. The Minister of Labour (Mr. Gregg) knows how difficult he would find things if they gave him another 600 unemployed and said, "Here, you have to find jobs for them". It would make him quite unhappy, and I would sooner see a group of fishermen partly unhappy than see our Minister of Labour completely sad. I, therefore, request that the Minister of Fisheries and this government reconsider the announcement of the closure of the fisheries on the Fraser river after September 16 each year, and deal with the problem in the manner it has been my privilege to propose.

Mr. Speaker: Some time earlier in his speech, the hon. member for New Westminster (Mr. Hahn) asked that certain tables be printed in *Hansard*, interspersed amongst his remarks. I am sorry that at the time he made his request I was conversing with another member, so in order to assure the regularity of the proceedings I should like to ask if the hon. member has the permission of hon. members?

Mr. Fraser (Peterborough): May we know what those tables were?

Mr. Speaker: At the time the hon. member made his request, other hon. members attempted to direct my attention to his request by saying they were agreeable to having these tables printed in *Hansard*. At the time I believe the hon. member explained what they were and it was the consensus of the house they should be printed in *Hansard*. I wanted to ensure the regularity of the proceedings at this moment, and I thank hon. members for their co-operation.

Some hon. Members: Agreed.

Mr. A. R. Lusby (Cumberland): As we reach the later stages of this budget debate, I have no desire to prolong its life unduly. I should like, however, to take the opportunity to make some comments with regard, not only to the budget itself but also to certain matters of public interest with which this or any budget necessarily has a definite connection. I think also, Mr. Speaker, I shall take just one moment to extend to my colleague and office mate the hon. member for Kent, N.B. (Mr. Michaud), who apparently has been promoted to the cabinet, my congratulations upon his excellent maiden speech delivered in this chamber this afternoon.

Like many other citizens I have in the past followed with some degree of attention, through the medium of the press and the radio, the annual presentation of the budget. The presentation of this budget is, of course, the first one that has been accompanied—I will not say adorned—by my presence on the floor of this house, an effective guarantee of my keener interest. I suppose, therefore, that I may still fairly call myself, to an appreciable extent at least, a budget neophyte. The word, I think, in addition to its meaning as a novice or a tyro, may also designate a convert or new believer. I find that on the present occasion, and with reference to myself, I may safely use it in both senses. It is my firm opinion that this budget is a sound and equitable one, a budget suited to the times. In his presentation of it on April 6, the Minister of Finance (Mr. Abbott) has given to the Canadian people, whom it so immediately affects, a budget statement which they have found both acceptable and, for the most part at least, reassuring.

Viewed merely as, shall we say, an extended communique from the taxation battlefront, or a recurring tally of what is required of our citizens in the way of rendering unto Caesar the things that are Caesar's, the budget forms a financial document of exceeding importance. But in a broader sense, seen as a mirror of our entire national and economic life, our external relations in a troubled world and our prospects for the future, the budget and its presentation go far beyond mere finance and become a matter of vital concern to all Canadians. That, I take it, is the major reason for the wide latitude of topics traditionally allowed in this debate.

During the last few months much has been said, both within and beyond the confines of this chamber, concerning the perils, the difficulties, the problems which menace our national safety, our democratic freedom and our diversified economy. In the spate of discussion there has been, to my mind, a very real distortion of emphasis, in the economic field at least, by the opponents of this government. Marked stress has been laid upon the darker aspects of the picture, but there has been a tendency to underrate or ignore the existence of those favouring factors which can operate so powerfully as a redressing influence. In my opinion, the minister's budget speech has contributed notably to restoring a saner perspective.

It is true that in that vast and often obscure sphere of international relations,

wherein lie ultimate peace or war, there cannot as yet be any high degree of optimism, nor did the minister attempt to exhibit it. Even here, of course, there are favouring factors. But for all the increase in armed strength of the west, for all the earnest if groping efforts towards attainment of lasting settlements, no responsible person can seriously argue that the shadow of a third world conflict does not still hang dark above us, an ominous and constant threat to our security and very existence. And until that shadow departs and a stable peace is assured the cost of our national defence must inevitably continue as by far the largest single classification of government expenditure. Even success in the current negotiations at Geneva can achieve only a troubled peace, permitting no relaxation of vigilance. To drowse at any time beside the bear and the dragon would be to court a rude awakening.

To all considerations of peace and war there has been imparted an urgency, as of desperation, by the recent revelations of the stupendous powers of mass destruction now available to man in the hydrogen bomb. To many the results of the Pacific tests have meant literally the end of all hope, and a descent toward either inertia or hysteria.

The minds and souls of men recoil in horror from the grim potentialities of the future. And yet here too there has been, I think understandably enough, a distortion, a confusion in popular thought, between the dangers which total war would bring and the danger of its occurring. The imminence of the latter has tended to be confused with the magnitude of the former.

But that greatest of statesmen, that rarely fallible prophet of the international scene, Sir Winston Churchill, has made a calmer appraisal. To him the hydrogen bomb has in fact lessened, rather than augmented, the likelihood of a third war of the great powers. Apart altogether from the stature of the British Prime Minister, his reasoning appeals to many, among whom I count myself. What man, or group of men, would deliberately invoke a world conflict when the price and fruits of victory have so terrible an identity with the penalties of defeat?

That is not to say that the hydrogen bomb is or ever can be a guarantee of peace. Great wars have been precipitated in the past, and may be again, by the accident of events, with scant deliberation or forethought on either side. And the hydrogen bomb may even increase the incidence of perimeter wars such as we know in Korea and Indo-China. For the communist world, shrinking, even as we do, from the consequences of a direct clash between the great powers, may well divert an increasing segment of its strength towards the fomenting of such acts of aggression as may, with little likelihood of H-bomb reprisal, sweep one by one the lands of Asia, of the Middle East, and of Africa into its pouch. That is a mounting danger, not to be effectively met or averted by any threat of the hydrogen bomb, which, in the circumstances, as our enemies could well foresee and count upon, would almost certainly never be translated into action. And yet we must be resolute and able to act against any such aggression. We know that if, by gradual encroachment elsewhere, the free west is reduced to the status of a beleaguered fortress, a larger Dien Bien Phu in a uniformly hostile world, the ultimate fall of that fortress is inevitable.

Is it not apparent then that to guard against and, if necessary, to resist and repel all or any such aggressions wherever they may occur, the democracies must maintain their armed strength at the highest level in every conventional form as the only means for effective action?

And again, even in a major conflict, one cannot entirely ignore the possibility that the horrors of the hydrogen bomb may impel a mutual abstention from its use. And finally, even if these bombs fall, many experts of war still envisage a real and vital role, both in defence and in attack, for the fighting forces of land and sea and air which have constituted our bulwarks of the immediate past.

To me, therefore, the suggestion that such existing forces, with their conventional weapons, are obsolete, their maintenance and expansion a needless and wasteful drain upon this country's economy, has no foundation in either present reality or future probability. It could be justified only by the achievement of a just, enduring, and universal peace, and that is still far from us, not yet engendered in the minds of men.

Not only this year, therefore, but indefinitely we must continue to provide for our national defence those vast sums which represent so great a part of our entire governmental revenue. No budget can be compiled, no plan laid for the expansion of the national economy or the advancement of our people, without taking into full account that formidable necessity. Certain critics of the present budget might well bear this more clearly in mind.

I turn to our economic situation concerning which, as I have said, I see an undue distortion toward gloom in the professed thinking of many opposition members in this house. As a corollary, they have inevitably accused the Minister of Finance of unwarranted

optimism in his budgetary conclusions. This is not, by many, the first year in which his critics have laid that charge at his door. Thus they have been hammering at him, like woodpeckers against armour plate, for the best part of a decade. But he has confounded those critics uniformly and often —nine times, the count, is it not? And it is my prediction that the present occasion will constitute the tenth. They may, however, draw some consolation from the thought that thereafter their humiliation, that is at the hands of this particular Minister of Finance, seems likely to end.

As I have indicated, I hold the minister's outlook for our economic future to be amply justified. Indeed, there are already signs that the earlier government forecasts of an upward trend in business as the year rolled on are to prove accurate. And considering the position of Canada, the vast possibilities for development within her borders, the wealth of her natural resources, and the character of her people, I see little room to doubt that her history for many years to come, given only peace, will be one of advancement and prosperity.

That is not to say, Mr. Speaker, that our progress will be without minor, sometimes perhaps substantial, interruptions and setbacks. One must never forget that dependent as we are on foreign trade to dispose of much of what we produce we are far from being complete masters of our own commercial destiny.

I do not wish to imply by anything I have said that I am in a mood of unreflecting optimism. Indeed it would be difficult for one from the maritimes to be ever wholly optimistic concerning the economic future of those provinces, for our special economic problems we have always with us, to a greater degree, I think, than any other area of Canada.

Not long ago, Mr. Speaker, another and veteran member of this house, from a different part of the country, remarked to me that the present session had seen less talk than usual concerning maritime rights. The truth of this statement my brief experience cannot gauge. But if there has been in fact during this session less assertion of maritime rights, or aspirations, or difficulties, I can assure the house that it is not because of lack of material. So long as geography leaves us where we are—and I see no prospect of any imminent change in that regard—we shall remain a distinct regional entity with problems and difficulties uniquely our own.

This brings me to a point on which I wish to lay particular emphasis. Laissez-faire is dead. The evolution of democratic government has long been toward assuming a steadily widening responsibility for the economic welfare of nations and people. It is a process, I think, not only advantageous but inevitable. That is not to say, of course, that this or any other government is or can be a complete underwriter of prosperity. Business and industry, as in the past, must stand primarily by their own efforts. But few now question that it is an accepted function and duty of this government to foster and encourage, to every reasonable extent, those economic conditions under which business and industry may best flourish and our people correspondingly benefit.

Now, it is my contention, Mr. Speaker, that this responsibility is not discharged in its entirety if, whatever the opulence of the country as a whole, the prosperity of any one region lags unduly behind that of the rest. In such case, I hold it to be the peculiar obligation of the national government to alleviate by every reasonable exercise of its legitimate powers the effect of those handicaps, geographical or otherwise, which militate against that region's economy.

Any dream of a universal equality, or near equality, of prosperity throughout the nation must I fear remain a dream; but every region is entitled to a fair place in the economic sun, and the lessening of existing discrepancies should at all times form a prime objective of this government.

The maritime provinces, unfortunately, have almost traditionally lagged behind the rest of Canada in the economic race. Like the other parts of the country, we have made material progress in recent years, but we are still, relatively as well as absolutely, far in the rear. The grossness of existing inequalities calls for strong remedial action toward their abatement.

I am happy to say that this government is not unmindful of its obligations in this regard, and that many measures which it has inaugurated have contributed substantially to the advancement of the maritimes.

This has been true to a degree even in fields where no special regional significance is evident or intended. The great achievements of social security, old age and family allowances, unemployment insurance, and veterans benefits have no merely regional application; and yet I think that, relatively speaking, they benefit most those provinces whose people have least. So indeed it is with every federal measure involving proportional expenditures throughout the whole country.

Other federal action has been aimed directly, and with a fair degree of success, at stimulating our maritime economy. In

the field of freight rates, where so many of our commercial ills originate, much has been done by way of alleviation. The system of coal subventions and the assisted movement of feed grains from west to east have all played their part and have earned for this government the trust which our people have accorded it. Yet the task remains heavy if the maritimes are to enjoy their full and rightful share of the national prosperity. It is not, I think, primarily a matter of doing now what should have been done in the past, although I shall cite one or two instances of that nature. Rather, there is a need to devise new measures or to expand existing measures in order to overcome new problems as they arise; and of newly-arisen problems the economic history of the maritimes has always shown a plenitude.

Of all the sweeping changes which have affected the economy of this country since confederation few, whatever the ultimate good, have failed to come initially as a staggering blow to the maritimes. We may go back to that vast sea shift from sail to steam in the last century which ended their golden age. We may come forward to this very hour and find the Nova Scotia coal industry, a chief prop of the economic life of the province, facing a desperate struggle for survival against the increasing competition of oil and gas from the new fields of western Canada. Therefore, Mr. Speaker, the obligations of this government towards the maritimes can never be regarded as static. They go far beyond the mere continuation of existing measures which now may well prove to be inadequate. Such new action must be taken and such new measures must be devised as will prove at least sufficient to prevent any further deterioration of our maritime economy as compared with that of the rest of Canada. I am, of course, well aware that the problem is not that of the federal government alone. Each province concerned has its own responsibility—and an urgent one—to shoulder. Of my own province I may say that it faces the task with energy and determination.

But here I must point out an inherent evil in the situation. Lack of economic development and opportunity creates the need for action. The same lack inevitably limits the provincial capacity to meet the need. The financial resources of the maritime governments are slight compared with those available to the governments of the wealthier and more populous provinces where, at the same time, the problem of economic expansion virtually solves itself. Thus it is that the greater the burden, the less the provincial capacity to sustain it. In our maritime provinces we must therefore look—and I maintain that we have the right to do so—to this federal government for a correspondingly generous measure of assistance in the removal of those barriers which so greatly beset our path of economic progress. The enduring prosperity of this nation demands the prosperity of all its parts. Let none forget that we too were created the heirs of Canada.

In what forms should such assistance be devised and extended? To a lame man a crutch may be desirable or necessary, but a lasting cure of his affliction is much to be preferred. Therefore the real aim for the maritimes—certainly not always to be easily achieved—should be the permanent strengthening of their economy in all its phases, including farming, mining, lumbering, fishing and manufacturing. No other benefits within the power of this government to bestow—whether of social security or otherwise—can begin to match the benefits that would flow from the attainment of this aim. I have mentioned the advantages of social security measures to the maritimes, but I think perhaps I should also say that we certainly have no wish to be reduced to the status of a race of pensioners.

The most immediate of our problems in Nova Scotia is that of the coal industry. However, since this industry will no doubt be the subject of extended debate in connection with the dominion coal board estimates, I touch upon it at present no further than to say that the preservation of this industry is essential to the provincial economy, and that there exists a reasonable prospect that adequate governmental assistance now will enable it not only to survive but to stand again largely upon its own feet within the next decade.

Perhaps I should interpolate here that I accept as sound the view that no government can or should adopt a policy of perpetual assistance to every industry which, without that assistance, cannot continue to operate. No government can entirely repeal the law that an industry must be able to meet competition or give way to those that can. On the other hand, it has long been recognized in this country—and I think it is not seriously disputed—that a policy of governmental assistance to certain key industries on which a national or regional economy depends is often not only desirable but imperative. Every case must be judged on its individual merits. On that ground I am confident that the maritime coal industry has the strongest

of claims upon this government, as will be fully demonstrated, I hope, when they are presented in this house on the fitting occasion.

As I said a few moments ago, maintaining our maritime economic life at a respectable level, in so far as this government is concerned, is not merely a matter of continuing measures which may have sufficed in the past. The inevitability of change prohibits a static policy. Let us then consider possible new measures to stimulate maritime economic activity and to prevent the occurrence of any undue unemployment. I stated earlier that this nation faces the necessity, extending into an indefinite future, of maintaining a towering level of expenditure for armed defence. Thus governmental contracts in this connection will continue to play a leading part on the industrial scene.

I think much can be said for the view that in the placing of such contracts very special consideration should be given, as a matter of national policy, to those areas which, like the maritimes, stand most in need of industrial stimulation. It might be added that such a policy would also tend to discourage the overexpansion of certain already established industries of central Canada. We have been told that such overexpansion is a major cause of the difficulties troubling some of those industries today.

Whenever the need arises to quicken industrial activity and to provide increased employment a vast program of public works is invariably suggested. Public works are an excellent thing, and I should be delighted to learn, for example, that a new post office was on the drafting board for every hamlet in my constituency. Undoubtedly a considerable amount of employment would be thereby created. Unfortunately, it would be for the most part of a temporary nature and merely a palliative. Our situation in the maritimes calls rather for more lasting remedies through a permanent development and expansion of our industrial and other economic activities.

Again, it has been pointed out that in this day of power machinery the number of men employed, even on extensive public works, is as a rule comparatively small. In this connection, however, I should like to emphasize a difference between two classes of public works. Incidentally, may I say that I am using the term "public works" in a very broad sense, and not merely as referring to projects properly coming within the scope of the department of that name so ably presided over by my fellow Nova Scotian, the Minister of Public Works (Mr. Winters). One class might be exemplified by new post offices or, indeed, by most new government buildings. This class of public work provides a certain amount of employment during its construction. Upon completion it may, and usually does, fill a long-felt need and minister to the pride and convenience of local residents. But there its contribution to the economy of a community or the surrounding areas largely ends.

On the other hand, we have that type of public work which, in addition to achieving all these results, also exerts a lasting and beneficent effect upon the level of economic activity throughout a community or a whole region. That is, to my mind, the type of public work which, when proposed, should always receive from this government the most careful and sympathetic consideration, the more so when the objective is the permanent advancement of areas such as the maritimes. Any temporary abatement of unemployment to be afforded by the actual construction—desirable though it might be in itself—would constitute only a minor factor in the whole range of implications.

An outstanding instance of this type of public work is the proposed St. Lawrence seaway development. Nova Scotia also is not without examples. The marshland reclamation now being carried on there and elsewhere is one. Its benefits to the segment of our agricultural population affected are for the generations, although I suggest—as I have suggested before—that the full and rounded completion of the project involves also a vastly expanded program of research to determine all those potential new uses to which the reclaimed lands may be most profitably put.

If I may call it a public work within my broad definition, then I may also name the Yarmouth-Bar Harbor ferry soon to be in operation and so largely a result of the forward vision and indomitable persistence of my good friend, the hon. member for Shelburne-Yarmouth-Clare (Mr. Kirk). The stimulus which this ferry will give to our growing tourist trade, as well as to the general commercial life of western Nova Scotia, is incalculable.

To the people of my own immediate area, however, the Chignecto canal will remain the prototype of the class of public work I have last mentioned. We do not urge construction of the canal merely because of the employment to be created by its building, or merely because it represents an unfulfilled promise of confederation. We urge it rather because of the permanent and far-reaching uplift which we are confident it will bring to the economic life of the whole territory of the maritimes, as well as to Newfoundland and even farther afield.

The employment of a few hundred men for perhaps two or three years upon the actual construction would be indeed welcome, and nowhere more than in my own town of Amherst which stands almost upon the canal's prospective banks; but that result, that benefit, is of scant significance compared with the comprehensive and lasting advantages to our economy which the canal and its use will bring.

The hon. member for Westmorland (Mr. Murphy) recently gave a detailed and convincing account of these latter advantages which, indeed, anyone can substantiate by glancing at a map. The hon. member for Colchester-Hants (Mr. Purdy) has also touched upon the topic. I have no wish to repeat or elaborate further at this time upon what they have said, but I certainly add to it my hearty concurrence. If this government seeks ways and means for the permanent strengthening of our maritime economy, here is a beckoning opportunity.

And, indeed, my constituency provides another, if less spectacular, opportunity. For many years until the last war, when its operation was discontinued, an automobile-carrying ferry, subsidized by the federal government, plied between the port of Parrsboro on the Minas basin shore of my constituency and ports of Kings county on the opposite side of the basin. By this means a water route of some fifteen or twenty miles eliminated for motor vehicle traffic an overland journey of ten times the distance along the shores of Minas basin and Cobequid bay to Truro, which stands at the head of salt water, and thence down the far shores again.

Apart altogether from the convenience to local residents, the ferry was much patronized by tourists, and today, with the vastly increased stream of tourist traffic, it would be put to correspondingly greater use and would give a very strong impetus to that trade which is to us a major source of revenue. I hope to see in the not distant future comprehensive representations made to the government for assistance in effecting a resumption of this ferry service with expanded and improved facilities. I most earnestly hope that these representations, when they are made, will be given most careful study and most sympathetic consideration.

Turning to another topic, I may say that we of the maritimes heartily approve the steps taken by the government, in conjunction with those of the provinces, to widen the scope of the vocational training program so that persons displaced from one industry may be trained for employment in others. This will certainly prove a boon in countless individual cases, and as such it deserves the highest commendation. But the advantage to a province as such is dependent chiefly upon there being within that province alternative industries capable of absorbing the retrained workers. From a maritime point of view, the placing of those workers in the industries of central Canada, however beneficial it will be for the individuals concerned, represents a loss to us. And so we return to our fundamental need, a general stimulation and expansion of all phases of our economy.

It has been predicted—I am going into the future now—that the continuing threat of war may eventually lead, as a measure of national safety, to the widespread dispersal throughout all the provinces of those manufacturing industries now so heavily concentrated in central Canada. By such an occurrence the maritimes would presumably benefit in their degree. But for the present it is no more than a possibility of the future.

Equally of the future is the suggestion that the coming application of atomic power to industrial use may accomplish somewhat the same result and bring all provincial economies more nearly to a common and equitable level. As to that, we shall see. An easier prediction, I fear, is that the misuse of the atom in war may bring all mankind to a common level, the illimitable level of the desert. For the meantime it is better to deal with present realities and for us in the maritimes to face as they are those economic problems which still beset us. With the full co-operation of this government, given to us in the future as it has been in the past, they can be overcome.

Mr. R. H. Small (Danforth): Mr. Speaker, having listened to the budget debate, with all the fanfare attending it, from the beginning, and the different titles that have been given to it, and having witnessed the debonair manner in which the finance minister delivered his budget speech, I think it was a masterly job of making the best out of the sorry mess the government is in. First everything is lovely and we will be all right, but there are one or two soft spots. We will have an odd rough one here or there. The industries are doing fine, except for textiles, machinery and electrical equipment. The farmers are not doing as well as usual. In other words, we are going to have a good year if we do not run into the hard times that I see ahead and that I hope we can miss.

You could call this budget the much ado about nothing budget. At page 3724 of

Hansard of April 6, 1954, the Minister of Finance (Mr. Abbott) said in his budget address:

> For most of this period the United States has been in the process of re-examining its . . . policies. . .

He went on to say that the United States commission on foreign economic policy had issued its report, the Randall report, and then said that the recommendations contained in the report—

> . . . provide . . . a reasonably promising basis for action by the United States in a co-operative movement toward a sounder system of trade and payments.

I suppose this reasonably sound basis in a co-operative movement is to be found in the restrictions by way of quota that they have imposed on our rye shipments to them and the inhibitions that our cattle trade endures which I presume come under the broad and expansive application of the GATT program, that instrument of vague benefit to Canada since it has been in operation and which has therefore been extended to June 30, 1955. The Minister of Finance (Mr. Abbott) also said:

> The United States has been one of the strongest exponents of policies directed towards the reduction of trade barriers and the expansion of international trade.

So much is this so that they have contributed to the deterioration and demise of our textile industry, and they play havoc with our fruit, vegetable and flower markets in the springtime. This was further ameliorated by the Minister of Finance in these consoling words:

> . . . it was recognized that enlightened economic policies on the part of both the United States and Canada would contribute materially to the achievement of a better trade . . . system throughout the free world . . . To this end the United States administration has just placed before congress a program designed to give effect to the main recommendations of the Randall commission.

I suppose that the government is confident that these recommendations will be passed by the House of Representatives and the Senate in toto. The Minister of Finance also stated, as found on page 3724 of *Hansard*:

> As might be expected, this development has brought with it growing protectionist pressures in many countries, including Canada.

What could he expect? Why, all through the debate on the speech from the throne and in subsequent debates there was a constant litany from the government seats, the epitome of which was "from this, good Lord, deliver us, and give protection to relieve our local condition."

The cool merger of free traders with the protectionists on the government benches insisting that something be done about the withering condition of trade is causing an increase in unemployment in every walk of life in our economy. They pictured the difficulties of the farmer, the fisherman, the potato grower, the textile worker, the lumberman, the apple grower, the miner, from the Atlantic to the Pacific, and implored that something be done to give some kind of relief from the business atrophy that has beset us since the last election when Canada's continued prosperity was promised, when the assorted aggregation of "pie-in-the-sky" boys who grace the benches opposite were masquerading as the evangels of everlasting prosperity with the proverbial pot of gold at the end of the rainbow, which has turned out to be only dross, in the form of unemployment, loss of markets, and adverse trade balances. Well, the warning signals are now flying to tell of stormy weather ahead. Whether or not it is palatable to this so-called "free trade" government, they tell that we will have to protect the home markets and industries.

The traditional policy of the Conservative party has been the development of our natural resources and their fabrication into consumer goods, as well as the protection of our labour potential, and we have always implemented this by legislation brought in by the front door; but the Liberals have always brought it in by the back door, and masquerade as free traders under a cloak of simulated protection. It is the voice of Jacob but the hand of Esau. The Minister of Finance also states:

> Our very large defence program continued to give strong support to production and personal incomes, but this element has become a sustaining rather than an expansionist force.

There is the nub of the whole situation today around which our economy is wrapped, and the levelling off process is the sequence that has stabilized our economy and kept it from disintegrating. But in its wake has followed a plethora of financial organizations that are ever ready to lend the hard-pressed citizen, who is now feeling the pinch of the government's alluring policies, needed money at high rates of interest to see them through Canada's continued prosperity. Then he gives this fillip to their flagging spirits, to encourage them:

> —while the proportion of our exports going to the United Kingdom and other commonwealth markets declined, reversing the trend, which had prevailed during 1952.
>
> On the other hand, there was some increase in the proportion of our imports coming from the United Kingdom.

You will notice the hedging in the last sentence of this quotation, to explain the lost wheat market.

That hackneyed phrase, "no truck or trade with the Yankees", seems to be a favourite expression of accusation of the Minister of Transport (Mr. Chevrier) in his tirades against the Conservatives. Well, it is obvious now that, intentionally or not, there has been put into operation by the government, to our detriment, a quite opposite policy: "No truck or trade with the British", and they are enjoying with evident satisfaction that accomplishment, little realizing that they have impaired the flow of the lifeblood of our nation. He further states:

> The emergence of an import surplus on merchandise account was the main reason for the swing in Canada's balance of payments position from a current account surplus of $157 million in 1952 to a deficit of some $467 million in 1953.

Reduced to ordinary language, we had more imports than exports by some $310 million. That can be attributed to our two jacks of trade, the right and left bowers, the Minister of Trade and Commerce (Mr. Howe) and the Minister of Agriculture (Mr. Gardiner), who have trumped each other's ace—or probably we can call it a misdeal—in their handling of our wheat crop. One said sell, the other said hold, and between the two the farmers were left holding the bag.

The only satisfaction that the wheat growers have extracted out of it is that the Minister of Trade and Commerce has restored to them as of December last the car order book to take a few paltry bushels per acre to the storage elevators, while the advice of the Minister of Agriculture was ignored; the double shuffle took place, and the deal lost us the British market for a difference of eight cents a bushel, and a difference of $150 million surplus to $460 million deficit, with the farmers rich in the possession of wheat they cannot sell, the farm implement industry on short rations, the shipping industry folded up, and the railways on the skids to deficit earnings. What one hell of a mess in continuing Canada's prosperity!

We on this continent are living in a paradise, with our country unscathed by the hand of war. We have a standard of living that three-quarters of the world's human population have never enjoyed, and if they have any knowledge of it, it is from the picture and story books.

For the last decade and a half, the total productivity of our economy was in demand, and that demand far exceeded our ability to supply. There were ready markets for our goods, both abroad and at home. With the cessation of the war, and our armed forces repatriated, there was a huge backlog for all kinds of durable goods to be supplied, caused by the shortage of materials necessary for our wartime economy—houses to be built—homes to be furnished—clothes to refurbish the depleted wardrobes—plus the expansion in our industry, and the need for getting the war-wracked and devastated countries back on the road to recovery.

That we have flourished and prospered was not the creation or design of this government, who could neither retard nor accelerate it. It can be attributed to the productivity of labour and management, who have been rewarded for a job well done by the government letting inflation run rampant; the bonds and securities purchased in good faith are worth but half in their purchasing value, and the purchasing power of our dollar is only fifty cents, and probably less after we have paid our taxes.

Today, with our inflated economy, which the government created, we have barriers to our entry into world markets, and this is further aggravated by the re-entry into world trade of Germany, Japan, Italy and the other war-devastated countries, and the reluctance of the Latin-American countries to deal with us, notwithstanding the glowing reports from the Minister of Trade and Commerce after his visit to them.

In *Hansard* of February 17, 1954, page 2189, the hon. member for Vancouver South (Mr. Philpott), speaking in the unemployment debate, was discussing the last world-wide depression of the 1930's, and he said:

> I think there is a lot in this theory of the stars, astrology, or whatever it may be. I do not know whether the Conservatives turn up before a depression, or whether the depression turns up before the Conservatives, but you find they arrive at almost the same time, in this country.

Well, the stars in their courses may indicate that a certain condition will happen in the cycles of life. I will tell the hon. member for Vancouver South that his conclusions are at fault. It is not that the depression and Conservatives arrive together. The truth of the matter is that the Liberals, when in power, eventually get the country into such an unholy mess that the people turn to the Conservatives to extricate them from their plight, and again bring about stabilization and the consolidation of our economy. And that day is not far off.

The Minister of Northern Affairs and National Resources (Mr. Lesage) made reference in *Hansard* of April 14 to an adherence to the spirit of confederation to establish an equality of treatment in the distribution of revenues to all provinces, so that they may fulfil their constitutional obligations, and effect fiscal agreements that would avoid double taxation. To this everyone will agree.

By the terms of the British North America Act, set out in section No. 91, this parliament has exclusive authority to raise money by any

mode or system of taxation. It also sets out in section No. 92 that each province has the exclusive right to raise revenue by direct taxes for provincial purposes. To this everyone is in agreement—as to the power of both bodies being able to collect by direct taxes.

The difference arises out of who will have priority in collecting, or who will carry the opprobrium of being the body making the second collection when agreement cannot be effected to collect by a single collection. Notwithstanding what has been said by the Minister of Finance, and his examples of how in some of the states in the United States they have dual taxes, there is this difference: Whether it was done by tacit agreement or understanding, the provinces were the only bodies employing direct taxation from confederation up to the year 1917, when the then finance minister, the Hon. Thomas White, under the stress and demand for more revenue to carry on world war I, introduced the first dominion income tax, and went into considerable explanation for so doing, and why they had to invade what was recognized by all as the exclusive taxing field of the provinces.

This remained the situation up to world war II, with parliament utilizing only one of the fields of direct taxes, but during the interval from confederation to world war II some provinces had intermittently used the personal income tax for revenue.

With the heavy demand during the dark days of world war II, to obtain further revenue parliament then made a proposition to the provinces to invade the fields of succession duties, corporation, transportation and amusement taxes, and the provinces, motivated by patriotism, did, by a fiscal agreement, vacate their taxing fields for the duration of the war, actually renting them to parliament, after which, unless further agreements were made, a return to the status quo would ensue.

The situation now prevailing is that the government has made separate agreements with every province except one, instead of by the original method of a dominion-provincial conference when a general agreement was amicably worked out. The government has manoeuvred itself into the position that it is reluctant to give up and return to the status quo, to which they originally agreed.

Now then, if the government did not believe that the provinces had some claim through their long tenure of occupancy from confederation, notwithstanding the government's constitutional position, why did they enter into these tax rental agreements with the provinces to vacate their taxing fields? The only conclusion we can arrive at is that they had to jockey into a position where they had possession and be in complete control, to be the first to levy taxes, and a province or provinces which did not enter into an agreement with them would have to bear the full odium of having imposed a double tax when the real offender is the government, by virtue of the facts and conditions I have outlined.

This is a matter of grave concern, not only to one province but to all provinces, and some consideration should be given to the provinces because of their vested rights in the long uninterrupted occupancy of their taxing fields.

It is unfortunate that the impact had to come upon the government from the province whence they get their greatest support. The government is now caught in the milieu of their hybrid Chauvinism. This Liberal party has been so long in office by reason of its hold on Quebec. It held Quebec by a deliberate policy of banking the fires of racial prejudice. Now these fires are bursting into flames, and severely scorching the faces of the federal Liberals.

We Conservatives live and think in the tradition of Sir John A. Macdonald. It was he who saw the vision of a united Canada—French and English—neither one of the two main racial origins seeking votes by trying to exploit its unnatural prejudices, but living and working together in mutual self-respect for the common weal of the nation.

(Translation):

Mr. Auguste Maltais (Charlevoix): Mr. Speaker, if I waited until now to take part in the present debate on the budget, it is because, faced with the confusion which seems to exist and with the complexity of the problem created by the unilateral decision of the Quebec government to collect a personal income tax—the move being based on the alleged priority of the legislature in respect to direct taxation—I felt under the obligation to listen first of all to the representations of the electors of the riding I have the honour of representing here as well as to the various arguments which would be put forward, before taking a definite stand.

It was my duty to take such an attitude because the problem has assumed new aspects and can give rise to grave consequences, in the provinces as well as in the entire country. The Leader of the Opposition (Mr. Drew) said here that much too bitter terms had been used since the government of my province announced that it would collect a personal income tax equal to 15 per cent, inasmuch as it was free to refuse to participate in

the fiscal agreements, freely signed by the other provinces in co-operation with the Canadian government, and as certain non-political organizations have asked the latter that permission be given to deduct the provincial tax from the federal tax.

I am taking for granted and I recognize, following the statement made this afternoon by the right hon. Prime Minister (Mr. St. Laurent, that the government of the province of Quebec did not itself ask for this deductibility and that no official approach has yet been attempted by the Quebec government in order to obtain this deductibility of 15 per cent, if press conferences, that are often characterized by considerations of party politics, have not admittedly become the consecrated formula for an exchange of views between the various governments of this country. As the newspaper *Le Devoir*, which is not lacking in ideas, says, it would be introducing a "new look", a twentieth century look, in federal-provincial relations.

As during the time allotted to me, I intend to speak about federal-provincial relations from the point of view of fiscal authority, I hope to be pardoned if I hesitate to utter my remarks in the manner of our opponents, in whose speeches the confusion raised by their ideas is only equalled by the contradictory spirit pervading all their policy announcements, according to the time or place of their statements.

The Conservative member for Eglinton (Mr. Fleming) contradicted the hon. member for Quebec West (Mr. Dufresne) when he said, on April 28, as reported at page 4211 of *Hansard*, that the agreements concluded between the Canadian government on the one hand, and the provincial legislatures on the other are legal, while the hon. member for Quebec West had stated emphatically, on April 27 of this year, as reported at page 4159 of *Hansard*, that the fiscal agreements were illegal. And then the hon. member for Three Rivers (Mr. Balcer) told us, on behalf of the party to which he belongs, that the Conservative party recognizes and supports the principle of deductibility which was accepted following a resolution of the general convention of the Conservative party. The official financial critic of the Conservative party (Mr. Macdonnell) and his leader himself, in an accusing silence, are not even bold enough to refer to that doctrine in the present debate, leaving us under the impression that they do not support the stand taken by their senior member from Quebec.

The only spirit which now moves me is a feeling that I share with a large number of my fellow citizens. We are worried about the 300,000 Quebec taxpayers who will have to bear the burden of double taxation, and the lack of understanding which still remains in the minds of some of them who still do not understand the failure of their government to accept the 15 per cent deduction formula put forward, which would allow the Quebec government to obtain an amount lower than that which it would have received had it entered into an agreement.

I stated a moment ago that the situation resulting from the unilateral decision of the government of my province of levying a tax on personal income and then trying through subrogation, that is through the help of non-political organizations, to obtain deduction of that tax, without previous agreement to that effect, gave rise to a very complicated problem owing to the fiscal agreements binding the federal government and nine other provinces.

In my humble opinion, the solution to that problem, owing to its constitutional implications, its social and economic consequences as well as its political impact, must take all those factors into consideration. I think that a proposed agreement that would not take these various elements into consideration might well remain inoperative. I shall go even further and state that a long-term and permanent solution must also take into account the special position of the province of Quebec because of the distinctive character of the racial group that makes up its population.

I was happy the other day to hear once again the hon. member for Joliette-L'Assomption-Montcalm (Mr. Breton) assert that the Liberal party was, of all political parties, the one truly Canadian and national party, the one that had best understood the position of Quebec. I am confident that the Liberal party which now presides over the destinies of the nation, will be able to find the remedy to those growing pains which have now developed between the government of my province and that of my country in the taxation field.

In speaking thus, Mr. Speaker, I do not want to shirk my responsibilities by refraining from making the remarks I proposed to make about that stalemate or, at the risk of repeating myself, about those growing pains of the Canadian nation.

I would like first of all to speak about the constitutional aspect of the matter, of its social character, and then of its economic and political implications.

In the constitutional sphere, most glaring contradictions have been expressed. It has been said that provincial legislatures had exclusive

jurisdiction in the field of direct taxation, as has been asserted this afternoon by the hon. member for Chicoutimi (Mr. Gagnon), who later said that this right was prior to that of central government. As far as I am concerned, I share the opinion of those who believe that the rights of the Canadian government in matters of direct taxation are equal to and concurrent with the rights of the provinces and that there is no prior right, neither in favour of the central government nor in favour of a provincial government.

The British North America Act of 1867 embodied that principle under section 91 which grants the Canadian government the power to raise money by any mode or system of taxation, and under section 92 which grants the provincial legislature the power to raise money by means of direct taxation within the province for provincial purposes.

That, Mr. Speaker, is what the Canadian constitution provides, and though I am not a lawyer, I can hardly see how this text could be read as granting a prior right to either one of the two authorities. It is true that the word "exclusively" appears in the preamble of section 92, but the same word is to be found also in the preamble of section 91. On the other hand, it is not the first time the Canadian government holds powers concurrent with those of the provincial legislatures.

Many more examples could be quoted in the sphere of Canadian political activities where the jurisdiction of the central government runs parallel with the jurisdiction of the various legislatures.

Is that not, in any event, the very point which has been an issue between the federal government and the provincial governments since the early days of confederation? That point of view will be readily understood if only we remind ourselves of the thousands of dollars which the Canadian people have had to pay in legal costs while endeavouring to obtain a determination of certain rights or a clear definition of the meaning of certain sections of our Canadian constitution.

How is it that no authority has ever tried to bring before the courts this matter of concurrent and equal jurisdiction in the matter of direct taxation, since this state of affairs has existed since 1917? Along with the Minister of Northern Affairs and National Resources (Mr. Lesage) I would say that that alone proves that the theory of priority rights in the matter of direct taxation is something new and would be extremely difficult to prove. I am not sure, though, that the privy council did not hand down a decision in that connection, in London, around 1936.

[Mr. Maltais.]

The hon. members of this house will no doubt recall that Manitoba citizen who challenged the right of his province to impose an income tax, under the pretext that income could not be taxed twice, namely by the federal government and the provincial government at the same time. I now refer to the judgment of the privy council in the case of Forbes *v.* the Attorney General, where the following may be found, at page 260:

> Both income taxes (federal and provincial) may co-exist and be enforced without conflict. The federal government taxes part of the Manitoba citizen's income, the province taxes the other part.

That judgment speaks for itself. In addition, the question of the levying of taxes and that of their distribution is intimately connected, according to the spirit and the interpretation of confederation.

Without going into the merits of subsidies, I must just the same admit that it is fair and honest to look for an interpretation of the Canadian constitution with the fathers of confederation themselves, who, in addition to giving us our constitution, also put it to the test during the few years following 1867. What was, then, the fiscal policy in 1868 and during the ensuing years?

In 1868, on the morrow of the birth of the Canadian constitution, the province of Quebec received from Ottawa, by way of subsidy, the amount of $913,412, or 59·7 per cent of the total budget of the province. In 1869, the Quebec budget was made up to the extent of 59·2 per cent of Ottawa subsidies, in 1870, of 52 per cent, in 1871 of 49 per cent, and in 1872, that is five years after the passing of the confederation act, the budget of the province of Quebec consisted of subsidies from Ottawa to the extent of 47·1 per cent.

These, Mr. Speaker, are true facts in the constitutional field that nobody is able to deny and that prove without ambiguity, that in 1954, the matter of subsidies, even if related to a power of taxation belonging to the provinces, may not be quoted in this debate as an argument contrary to the spirit of confederation. The hon. member for Lapointe (Mr. Girard) tried to argue, with the help of quotations from the fathers of confederation, that the spirit of the British North America Act was contrary to the policy of subsidies resulting from fiscal agreements. He quoted Brown in support of his argument.

To paraphrase the saying of a French author, I might tell him: Give me something taken out of its context and I can succeed in having the author of the words hanged. He found that a quotation of Brown's declara-

tions could be of use to him. I shall therefore go to that same Mr. Brown for a statement which will contradict him. I borrow a quotation from the official report of the debates preceding confederation, page 93, where Mr. Brown was dealing with the question of federal subsidies:

> We had to face the following alternative: grant to the provinces the revenue from indirect taxation, which field we wanted to leave exclusively to the central government, or allow the central authority the right to collect the money and allocate it afterwards to the various local governments to enable them to face their local needs. We chose the latter solution.

If words have any meaning, that statement of a father of confederation is absolutely different from the impression which my hon. friend from Lapointe tried to give in quoting this great Canadian.

(Text):

On motion of Mr. Maltais the debate was adjourned.

BUSINESS OF THE HOUSE

Mr. Harris: We shall continue with this debate tomorrow, and when the motion is carried, take the resolutions.

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

HOUSE OF COMMONS

Tuesday, May 4, 1954

The house met at 2.30 p.m.

LABOUR CONDITIONS

NEGOTIATIONS BETWEEN RAILWAYS AND NON-OPERATING UNIONS

On the orders of the day:

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, I should like to direct a question to the Minister of Labour concerning the current negotiations between the non-operating railway unions and the railway companies. In view of the failure of any two members of the conciliation board to get together on what might be called a proper report, what steps does the government now propose to take to facilitate the reaching of an agreement between the parties?

Hon. Milton F. Gregg (Minister of Labour): Mr. Speaker, the matter referred to by the hon. member is still under consideration by the parties concerned, and any comment by the minister or by any other third party would, I think, be inadvisable at this time.

VETERANS AFFAIRS

IMPERIAL WAR GRAVES COMMISSION—CHARGES FOR ENTRIES IN REGISTERS

On the orders of the day:

Mr. W. G. Dinsdale (Brandon-Souris): Mr. Speaker, I wish to direct a question to the Minister of Veterans Affairs. Is the minister aware that relatives of Canadian war dead are being asked to pay $1.25 for a copy of the entry in the cemetery and memorial registers, giving details of their loved ones' graves? In view of this situation, I should like to ask further: Is the financial assistance to the imperial war graves commission provided by the Canadian government not sufficient to cover this expenditure?

Hon. Hugues Lapointe (Minister of Veterans Affairs): Mr. Speaker, the registers to which the hon. member refers are pamphlets, books, printed and issued by the imperial war graves commission on each of the cemeteries in which commonwealth forces are buried. These are in the form of memorial books. They contain not only the name of every commonwealth member of the forces who is buried in the cemetery but also photographs, maps, and a history of the campaigns which led to the cemeteries being built. They are not given by the imperial war graves commission but are simply sold as memorial pamphlets, somewhat as the pamphlets in the parliament buildings, giving a description of our memorial chamber, are made available to people who come to visit the memorial chamber.

The financial assistance given by the Canadian government to the imperial war graves commission is for the building of cemeteries, the setting up of headstones and the care and maintenance of those cemeteries afterwards on a pro rata basis, according to the number of graves.

ROYAL CANADIAN AIR FORCE

INQUIRY AS TO GROUNDING OF JET AIRCRAFT

On the orders of the day:

Mr. F. D. Shaw (Red Deer): Mr. Speaker, I should like to direct a question to the Associate Minister of National Defence. I am sorry I did not give notice, but I doubt whether he would require it. Has action been taken to ground all Canadian jet aircraft pending a complete investigation into recent crashes?

Hon. R. O. Campney (Associate Minister of National Defence): Mr. Speaker, I am not aware of any such order having been made. There are various types of jet aircraft, and I know of no reason why all jet aircraft should be grounded. As is well known there has been difficulty outside the service in regard to one particular type of jet aircraft; but I know of no existing grounding order in the service. I will inquire further as to the position.

GRAIN

CHURCHILL—INQUIRY AS TO EXTENSION OF ELEVATOR

On the orders of the day:

Mr. H. A. Bryson (Humboldt-Melfort): Mr. Speaker, I should like to direct a question to the Minister of Transport. Will construction of the extension to the government elevator at Churchill, Manitoba, begin this year, and have tenders for this project been let?

Hon. Lionel Chevrier (Minister of Transport): The answer to the first part of the question is yes, and to the second part the

answer is that tenders have been advertised and the expiry date of those tenders is some time during the latter part of the month of May.

NATURAL GAS

REPORTED INCREASE IN IMPORTATIONS FROM UNITED STATES

On the orders of the day:

Mr. Carl O. Nickle (Calgary South): Mr. Speaker, I should like to direct a question to the Minister of Trade and Commerce. Can the minister assure the house of his government's support for the proposal announced in this morning's press of the Union Gas Company of Canada to increase the import of American gas to southwest Ontario and improve the economics of an ultimate gas pipe line from western Canada?

Right Hon. C. D. Howe (Minister of Trade and Commerce): I have already discussed this matter with the principals concerned including the Union Gas Company of Canada, and I have indicated that under certain conditions there would be no objection to the temporary import of that gas, with the definite understanding that the import would end when western gas is available in the area.

PUBLIC BUILDINGS

WINNIPEG POST OFFICE—CAVE-INS ON ADJOINING STREETS

On the orders of the day:

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, may I direct a question to the Minister of Public Works? Is the report correct that no expert in soil engineering was consulted in the drawing of the plans for the new Winnipeg post office? Will the city of Winnipeg be reimbursed for all the costs resulting from the cave-ins on the streets adjoining the area excavated for this new building?

Hon. Robert H. Winters (Minister of Public Works): Mr. Speaker, I thank the hon. member for having given notice of his question. We obtained competent architects, the firm of Green, Blankstein and Russell, and followed their advice which, I understand, is in keeping with accepted practice in the area. Some caving has taken place, but I understand from the architects that little if any more is expected. The cost of repairing the damage will be much less than the expense of measures which would have been necessary to prevent caving. Our architects have already been in communication with the city engineering office, and where caving can be attributed to the excavation for the public building the city of Winnipeg will be reimbursed.

TRANS-CANADA AIR LINES

INVESTIGATION INTO CRASH AT MOOSE JAW

On the orders of the day:

Mr. J. A. MacLean (Queens): Mr. Speaker, I should like to ask a question of the Associate Minister of National Defence. Would the minister say if the finding of the service court of inquiry which investigated the recent crash at Moose Jaw will be made public?

Hon. R. O. Campney (Associate Minister of National Defence): The matter is under consideration. I am not in a position to say when a statement will be made.

THE BUDGET

ANNUAL FINANCIAL STATEMENT OF THE MINISTER OF FINANCE

The house resumed, from Monday, May 3, consideration of the motion of Hon. Douglas Abbott (Minister of Finance) that Mr. Speaker do now leave the chair for the house to go into committee of ways and means.

(Translation):

Mr. Auguste Maltais (Charlevoix): When the debate was adjourned last night, Mr. Speaker, I was indicating the reasons why I felt justified in holding that there could not be any priority in the matter of direct taxation either for the central government or the governments of the various provinces. I then quoted sections 91 and 92 of the constitution, and I also showed the part played by subsidies in the first years of confederation.

Leaving now that aspect of the matter, I would like to revert to the social consequences of the solution to the existing problem between the government of Quebec and the government in Ottawa with respect to the fiscal agreements which were signed, or could have been concluded with regard to fiscal matters, to say that it would entail enormous difficulties from a constitutional point of view. However, if the parties concerned must live up to the constitution, it is equally important to appraise the social and economic responsibilities which constrain the Canadian government to retain for itself its main source of revenue, that is, direct taxation.

Reading through the history of confederation, from 1868 to the present day, we will not fail to realize quickly what increase there has been in the responsibilities of the federal government, both as far as the people of this country themselves are concerned and as regards international relations which have

gained tremendously in importance since those days.

In 1868 the population of this country was approximately 3,700,000 whereas it now is over 15 million. In 1868 the total revenue of the federal government was $13·6 million, whereas in 1952, it rose to close to four billion dollars.

At the time of confederation we were a colony. Now we have become an adult nation which must live up to responsibilities which no government desiring to retain and respect its own national autonomy can escape.

Since 1868, the provinces which pioneered confederation have been joined by six other provinces. Together they now make up this Canadian nation of ours. Of course we have not come this long way together without stresses and strains, and great difficulties to overcome.

When paying tribute to the fathers of confederation, it is appropriate also to appreciate the wisdom of those political figures who, since 1868, have led our country within the framework of the confederative system so that today we may pride ourselves on being Canadians.

But I am digressing and I come back to the argument I wish to make, that is, that the social obligations of the Canadian government in a partly planned economy are closely connected with the use of the direct tax and the use of that field of taxation is definitely not the exclusive possession of a political party or an innovation of the present government.

In 1917 the Canadian government exercised for the first time its constitutional right to tax the income of its citizens in view of the expenditures due to our contribution to world war I. Incidentally, a Conservative minister of finance, who was a member of a union cabinet, proposed that measure himself on behalf of the government then in power.

From 1920 to 1934, the revenue from that new source of taxation hardly changed from year to year. In 1920, those direct taxes brought to the Canadian government $64·5 million, as compared with $61·3 million in 1934.

As will also be remembered a depression then so violently shook the country that several provinces were forced to approach the central government in order to cope with the unemployment crisis that broke over the whole country.

Then came the period of social security legislation when the Canadian government had to take over responsibilities in the form of financial burdens that time could only increase.

First, it was the old age pension legislation in 1927, which the province of Quebec, then under Liberal rule, refused to accept, invoking the principle of autonomy, but that was agreed upon nine years later by a Union Nationale government, as a political advantage out of which sufficient capital has been made since. Then we had legislation concerning unemployment insurance, pensions for the blind, family allowances, in a word a whole set of social measures that is absorbing about a third of the Canadian government's budget.

It is the duty of the national government to maintain a sound national economy and, while respecting the constitutional rights of the provinces, the Canadian government cannot, without running the risk of encountering serious troubles, give away its revenue sources without a previous agreement. It is now possible through our social legislation to eliminate partially the special inequalities which tend to spring up and grow under a democratic system based on private enterprise where economic conditions vary in a more or less pronounced degree between the different areas of our country.

Nobody will deny the sense of responsibility the government has shown when it introduced this legislation providing as it were for the distribution of more than a billion dollars to the Canadian population. When we think that the province of Quebec received, last year, apart from the war veterans allowances, nearly $200 million by way of social benefits, we can realize the tremendous effort put up by this government to avoid a possible unemployment crisis.

In 1953, Quebec children received 107 millions; our 70-year-old citizens, 69·9 millions; those aged 65 to 70, 39·8 millions; and our blind people 1·1 million.

These obligations assumed by the Ottawa government, approved and asked for by all Canadians, are directly connected with the power of taxation on incomes which makes it possible to carry out this social work.

If I take into account the cost of governing this country, the money needed to finance our national debt and the tremendous amount needed for national defence in the face of the communist threat, I am inclined to believe that these national obligations must be considered in the solution of the problem existing between Quebec and the federal government.

In view of the part played by direct taxation in modern public finance, the Canadian government has been forced to rely more and more on this method of taxation, to which it may rightfully resort under our constitution.

Direct taxation has been, for several years, in the hands of the central government not only an efficient means of collecting revenues but also a control lever for the administration, stabilization and guidance of our national economy.

So it is no wonder that the Canadian government has been under the obligation to depend much more upon direct taxation in the past twenty-five years than during the years which immediately followed the adoption of the confederation act.

Obviously, on account of the equal and concurrent right of the central and provincial governments to that same field of taxation, a reallocation of taxation powers between the various governments has long been wished for.

Since, unfortunately, no such formula satisfactory to all concerned has been found, we have come, for want of anything better, to a temporary compromise, that is to the system of fiscal agreements which was put into effect during the last war and which remained in force with some modifications.

These fiscal agreements aim at two things:

1. A better apportionment of national revenue between the most favoured province and the less favoured, economically speaking, with a view to enabling the latter to discharge their constitutional obligations in conformity with a principle of autonomy which any province might proudly make its own, and also of making possible a decentralization of the revenues derived from taxation.

2. The avoidance of double taxation.

In Canada nobody has yet denied that some provinces cannot levy all the revenues they need to fulfil their obligations, even though they resorted fully to the taxation fields granted them by the constitution.

Let those who may be tempted to discount the ill effects of double taxation cast a glance towards the province of Quebec.

This double taxation is today at the root of the trouble we are witnessing in the province where I was born, where I live and where I learned the language I now speak and which, by the way, I have no fear of losing. The government of the province of Quebec, which was represented by its premier at the various federal-provincial conferences at Ottawa, had the opportunity of making counter-proposals to the fiscal agreements but never made any constructive proposals regarding that fiscal policy. In fact, after showing a sincere desire to co-operate, even to the point of stating its willingness to sign an agreement, the government refused any such agreement. It would seem that it prefers to temporize rather than to act.

Before speaking of the unilateral decision of a majority of the Quebec provincial legislature to levy a direct tax affecting more than 300,000 Canadian taxpayers and before dealing with the request submitted to the Canadian government by a non-political organization, asking that the said tax be deductible, as a Quebec taxpayer I would like to say a few words about the negative stand taken by the Quebec government since 1948.

I am not denying the right of the government of my province to levy a direct tax within the province, even though this is questionable. Moreover, in the absence of any agreement, I would certainly have been in favour of the method suggested by the Montreal chamber of commerce, which asked the Quebec government to levy an income tax of 5 per cent, which would have been completely deductible and would not have cost one cent more to the Quebec taxpayers.

Evidently, the Quebec legislature had a right to levy the tax it wanted, but we were once told that autonomy was not a question of 5 per cent and that principles had no monetary value. Today, we have a 15 per cent tax, of which 5 per cent will be deductible from the federal tax; thus, the cost to Quebec taxpayers will be 10 per cent more.

These figures of 5, 10 and 15 per cent remind me, not of a 5 per cent autonomy, but, as they indicate, of a "5 and 10" autonomy.

The Quebec government refused to sign the agreements. It had a right to do so. But what is the net result? It is as follows:

In 1948, the Quebec government levied, through corporation tax and succession duties, the amount of $43,100,000; in 1949, $59,200,000; in 1950, $61,200,000; in 1951, $71,700,000; in 1952, $84,800,000; in 1953, $80,900,000; in 1954, $82,600,000. This last figure of $82,600,000 is taken from the public accounts of the province of Quebec; in other words, the government of Quebec levied during seven years, though no agreement was signed, the amount of $483,500,000. Let us see now what the Quebec government would have received, if it had signed a fiscal agreement. I include in the following amounts the rental of succession

duties, since the amount produced by this tax was included in the amounts levied by the province of Quebec through its own legislation.

By virtue of these agreements, the government of Quebec would have received in 1948, $45,100,000; in 1949, $64,100,000; in 1950, $69,900,000; in 1951, $78,200,000; in 1952, $107,700,000; in 1953, $111,700,000; in 1954, $121,300,000, that is, all in all, $598 million, or a difference of $114,500,000 which the province of Quebec could have received, but which it has lost.

And that is not all. Since the other nine provinces have already signed agreements with the Canadian government for the next three years, let us see what Quebec will lose by not signing these agreements and taking into account the 15 per cent tax now in operation, let us examine what will happen if the present difficulty persists and if this problem is not solved.

Quebec will receive approximately $23 million this year from its personal income tax, but 5 per cent only of this impost will be deductible from the federal levy. It means that Quebec will receive, during the fiscal year ending on March 31, 1955, without any additional cost to its taxpayers, about $7,800,000, deductible from the federal tax, and it will cost Quebec taxpayers $15,200,000 representing the non-deductible portion; for the fiscal year 1956, Quebec will receive about $7,900,000, deductible and it will cost taxpayers $15,900,000, non-deductible. For the fiscal year of 1957, Quebec will receive about $8 million, being the deductible portion, and it will cost taxpayers $16 million non-deductible.

In brief, the government of Quebec will collect, as being deductible from personal income tax, an amount of $23,700,000 and it will cost taxpayers a further amount of $47,100,000 that the government of Quebec will collect just the same, but which will add to the burden.

If you add to that figure of $23,700,000 the amount Quebec will derive from corporation taxes and succession duties during the same period, you get a sum of $275,700,000, representing the total revenues the province of Quebec will receive from deductible direct taxation.

How much would Quebec get under the temporary agreement system over the same period? Supposing the economic position remains about the same for the next three years, we arrive at an amount of $372 million.

Making the necessary deductions, Quebec will therefore, during the next three years, lose the difference between the eventual revenue under the agreements, that is $372 million, less its own deductible taxes amounting to $275·7 million, or a net loss of $96·3 million. Of course, this figure will be partly compensated by the additional burden of $47·1 million, but I am not taking this into account, as this sum will be levied in the province of Quebec, and is not deductible.

As I said a moment ago, the province of Quebec has lost, during a period of 8 years, $114·5 million because it remained outside the agreements, and if the status quo is maintained, the province will lose an amount of $96·3 million during the next three years. Mr. Speaker, since the province of Quebec is going to lose $210 million through maintaining the present situation in respect to fiscal policy up to the time the agreements expire, I am right in saying with my colleagues from Quebec that the problem is serious and alarming.

That sum of $210 million just about equals the budgetary expenses of the province of Quebec for 1951. In other words, the Quebec government would have thus been able to devote to the education and the public health of my fellow Quebeckers twice the amount assigned to those fields in 1951 and would have been in a position to solve without difficulty the problems which confront the universities in Quebec, to say nothing of highways and colonization.

The seriousness of the situation calls for a solution and since the 15 per cent deduction asked for cannot be granted without undermining the very base of the entire fiscal agreement system now in force between nine of the provinces and the federal government, I shall look elsewhere for a compromise solution which would have the advantage of endangering in no way the existing agreements.

Since the province of Ontario when it signed an agreement did not rent its right to succession duties, would it not be possible to get Quebec, Ontario and the federal government to sign an agreement which would enable those two provinces to collect from that source larger revenues than they are receiving at present?

Such a result might follow a concession on the part of the federal government through which it would reduce the succession duty it is collecting or accept, after negotiation, relatively high rates of deduction with regard to provincial succession duties.

Owing to the fact that the provinces of Ontario and Quebec are more favoured than the other eight provinces, the granting of

that concession by the central government would not materially affect the agreements with the other eight provinces, because they are already drawing subsidies under the tax rental agreements.

In 1947, the largest revenues derived from the taxation rights were received by Ontario and amounted to $15,200,000; Quebec received $11,400,000, British Columbia, $3,200,000 and New Brunswick, $1 million.

Since revenues derived from that taxation field vary greatly as between the provinces of Quebec and Ontario on the one hand and the rest of the provinces, on the other, such a concession by the central government would not entice the other provinces to avail themselves of that concession.

If such an agreement enabled the province of Quebec to amend her succession duties in order to get $7 or $8 million more than she is now drawing from that source of taxation, and avoid double taxation, the present stalemate could be solved by means of another concession on the part of the Quebec government.

As a matter of fact, the government of the province of Quebec is seeking a further revenue of $23 million, the amount which the 15 per cent income tax levied upon its taxpayers is supposed to yield.

As it could already derive approximately $8 million more from its succession duties, the government of Quebec has only to amend its personal income tax so as to lower the rate to the level of 5 per cent deductible from the federal income tax in order to get another $15 million which would not cost one cent more to its taxpayers, as such a tax would be entirely deductible.

Quebec then, without renting its taxation fields, would get the $23 million which it seeks, and double taxation would be avoided.

On the other hand, there would not be any loss of revenue for the federal government, as that portion of the subsidy that Quebec would get by signing an agreement would remain in the consolidated fund of Canada in order to compensate for the loss incurred by the change made in its succession duties.

Mr. Speaker, I do not know whether such a proposal will be considered, but I believe that no stone should remain unturned if we really want to find a way out of this difficult situation, and I urge the provincial government of Quebec to seek with an open mind and in a spirit of co-operation a common ground for the solution of this fiscal problem.

[Mr. Maltais.]

I am voicing this appeal in all sincerity. I have noticed that at a press conference, on April 9 last, as reported by the Canadian press the next day, the premier of Quebec stated that he would not initiate new negotiations with Ottawa.

The Prime Minister (Mr. St. Laurent) said in this house yesterday that the Quebec government had given no answer following the last federal-provincial conference convened by the federal government. Such being the case, I fail to understand why the premier of Quebec does not wish to enter into new negotiations.

There is no need for new negotiations. It should be sufficient to continue those which were started at the last conference, in regard to which the Quebec government has thus far given no answer. To make things clearer I would like to quote the Prime Minister's statement as reported on page 4338 of *Hansard*:

> The statement agreed to after the in-camera discussions, and published at that time,— . . .

That is after the dominion-provincial conference on fiscal agreements.

> —was that each province would consider these tax rental proposals and would indicate its position at a later date. There followed a great many more negotiations between the Department of Finance and the individual provinces, and within eighteen months or so nine of the ten provinces indicated their respective positions and entered into the proposed temporary rental agreements which are to extend to March 31, 1957. The government of Quebec did not do so, however. It just abstained from having any further dealings or discussion with us about the matter in any way or form whatsoever. I saw in the Montreal *Star* some time ago a report that Mr. Duplessis said that he had written to me and to the Minister of Finance (Mr. Abbott). He may have written to me and to the Minister of Finance, but not about any solution of the fiscal problems between the federal authorities and Quebec, unless he is referring to some correspondence we had when we were discussing the grants to universities. In one of those letters he said this: Why do you not turn over to me 5 per cent of the personal income tax? That will be more than you are offering to Quebec universities under this $7 million grant. I replied that this grant would expire on March 31. I do not remember just the date of the correspondence but it was some little time before March 31. I said: You know that under the present act we cannot make any remission of this 5 per cent of income tax to the provincial government. We could merely give it as a deduction to a taxpayer who had paid a provincial income tax to your government. The other thing is the constitutional lapsing of this vote unless Quebec's share is taken from it before March 31. Can we not find some scheme which will not prejudice your position or ours but which will not leave these Quebec institutions without their proportion of this grant which is about to lapse? For that year an arrangement was worked out whereby there was a

joint commission of the federal government and the provincial government to make the allocation and to recommend a way in which the grant would be paid to the institutions in Quebec. But that had nothing to do with the general possible collision between the exercise of federal rights and the exercise of provincial rights in the field of direct taxes.

Mr. Speaker, if words have any meaning at all, and if the dominion-provincial conference of 1950 had the respect of the nine other provinces of my country, I have the right to say that Ottawa never closed the door on negotiations and that if the one-sided action of the government of my province had closed the door, the words of the Prime Minister of my country opened it yesterday.

(Text):

Hon. George A. Drew (Leader of the Opposition): Mr. Speaker, this budget is conspicuous on two main grounds. The first is its failure to deal in any way with the changing situation with which Canadians are now confronted. The second is the attitude it displays not only toward the province of Quebec but towards every province of Canada. So far as this budget is concerned there apparently is no unemployment, no serious situation in the textile industry, no great problem in the electrical equipment industry, nor anything to worry those making farm machinery. In fact, the government apparently thinks there is nothing to worry about which will not be cured by the efforts of our friends in Washington. From listening to the obedient desk thumping of the supporters of the government and the bland assurances of the government itself, one would think that there were no problems of any kind to be examined. Yet it is from the official records of the government that we learn of the seriousness of the situation with which we are confronted. As we have been told more than once, 570,000 people are registered as applying for jobs. That does not include everyone who is seeking a job. There is a more important figure when we seek to understand what the buying power of our people is. According to the March figures of the dominion bureau of statistics, which are the last available, the total of unemployed and partially employed was 777,000. That is a formidable figure. That means that according to the government's own figures more than three-quarters of a million of our workers have been greatly reduced in their buying power, with consequent reduction of demand for what other workers can produce. In fact we have a higher percentage of unemployed or partially employed in Canada than in the United States, in spite of the tremendous development of resources and industrial expansion which is taking place.

We have the greatest wheat carryover in our history. We have the prospects of a better than normal crop this year. Not a word in the budget indicates any recognition of the serious position in which the farmers now find themselves with huge quantities of grain stored on their farms on which they are not able to obtain down payments. Nothing in the budget or the speech of the Minister of Finance (Mr. Abbott) indicates any recognition of what this means to the railways, to the shipping companies and, above all, to the farmers themselves, whose difficulties are aggravated by the fact that the government gives them no lead. Not a word is there in the budget to show any real recognition of the tragic plight of the Canadian merchant marine. There is nothing to suggest that this vital part of our international service is to receive any encouragement from this government.

Our manufacturers who are wondering how they are going to increase employment, our fishermen, our producers of base metals, and the farmers who still provide the firm foundation of our whole economy, are blandly assured that there is nothing really to worry about and that anybody who is in any difficulties had better meet the situation by more efficient methods. This, Mr. Speaker, does come with particularly bad grace from a government which has refused over and over again to take the steps which are necessary to give it some sort of efficiency in its own operations. It has been said before and will bear repeating that this government refused to adopt the very methods that any business would adopt if it hoped to remain solvent. Yet this government tells businesses that are finding difficulty in maintaining employment today that the way to solve their problem is to be more efficient, and certainly not to follow the government.

There is not a single member of this house who does not know where millions are being wasted by the government. There is not a member of this house who does not know of duplication of services or, to be more accurate, of multiplication of services. Merely as a symptom, and not in any way as a measure of the disease, it is only necessary to examine the number of economists, statisticians and publicity agents that this government needs to proclaim its virtues.

Over and over again we have introduced a motion asking for the setting up of a body of inquiry similar to the Hoover commission in the United States. As a result of that commission in the United States, according to the statements that have been made, $7 billion has already been saved and they expect to save another $5 billion. On a proportionate basis that would mean a saving of nearly $700 million here and the hope of still more.

I recognize that it is not possible to say in exact figures what savings a similar inquiry could assure here. However, I do suggest that it is not sensible for anyone to suggest that considerable savings cannot be made having regard to the manner in which our government has operated in so many ways along lines similar to those followed in the United States. We have heard figures placed before us of substantial savings that could be made. After all, those relate to some subject that is before us with the figures attached to that item by the government. What I am emphasizing is that there is a broader basis of saving, the kind of saving that every big business undertakes periodically if it has any hope of maintaining its sound economic position. Whatever the figure would be it would certainly run into hundreds of millions of dollars. Without any serious examination of the proposition and with nothing but an arrogant denial that anything can be improved, the government has simply asked its supporters to vote down this motion time and time again.

Yet this is the government which now tells the people of Canada that their answer to the problem they face is to be more efficient in their production and in their daily work. When the government prescribes this cure, well might we remind them of the adage, "Physician, heal thyself". This inefficiency of government, and the firm refusal of the government to deal with it in any practical way, is related to the second important aspect of the budget. As the government has continued to centralize power, the checks and balances provided by the federal system have been more and more weakened and the opportunity to restrain extravagance and waste has become less and less. It is for that, as well as for constitutional reasons, that we should examine the attitude of the government toward the provinces and the municipalities. I say that in the firm belief that the closer we bring the supervision of public expenditure to the people themselves at the provincial and municipal levels, the more effective the supervision of the spending is going to be.

In many ways this subject is the most important part of the budget speech. The Minister of Finance regarded it as sufficiently important to devote a very considerable part of his speech to an explanation of the negative attitude adopted by the government. The refusal to consider the proposal for tax deductions in respect of the personal income taxes levied in the province of Quebec is important not only in its effect upon the income taxpayers of the province of Quebec but upon the people of every province because of the attitude it discloses towards the earlier undertakings of this government. Four weeks ago today I asked the Prime Minister (Mr. St. Laurent) to invite the premiers of the provinces to attend a conference to discuss our acute tax problems. At no time did I suggest, as was indicated yesterday, that the Prime Minister of Canada invite the premiers to come together to assist him to solve the particular problem with the province of Quebec. That, after all, would have been an affront to the government of Quebec, and it certainly would have placed upon the premiers of other provinces a responsibility that is not theirs.

I urged the Prime Minister to call a conference because the situation arising in relation to the province of Quebec is merely a symptom of the general problem. Yesterday the Prime Minister gave his answer. It was a most unhappy speech in every way. It was unhappy in content, unhappy in presentation and unhappy in its consequences.

Mr. Abbott: A very good speech.

Mr. Drew: In effect it was a simple and emphatic statement that until the province of Quebec submits to terms imposed by this government there will be no conference, although every province has been asking for a conference for a long time.

There were some curious omissions from the statement of the Prime Minister. He quoted with satisfaction and at considerable length the statement of the premier of Ontario at Quebec in September, 1950—

Mr. Abbott: At Ottawa.

Mr. Drew: At Ottawa in 1950—some considerable time before Ontario had signed an agreement, but he failed to make any reference to the statement of the premier of Ontario at the time the agreement was signed. While that may not have been the intention of the Prime Minister, the effect of his quotation yesterday and his speech generally was to leave the impression that Ontario is satisfied with the present situation. For that reason let me quote from what the premier of Ontario said at the time the agreement was signed. This was the text that accompanied the announcement of that agreement.

Mr. Abbott: I think it was 1952.

Mr. Drew: Yes, 1952.

The signing of this agreement will not solve Ontario's tax problems. It is, at best, a stop-gap, pending the working out of a more satisfactory distribution of tax and revenue sources. Nor does the agreement provide a solution to the municipal problem which is, in turn, dependent on a shift of taxes and revenues from the federal government to the provinces and from the provinces to the municipalities.

We have urged the federal government to begin discussions with the provinces now with a view to obtaining these objectives. The present tax system is outmoded. The rapid growth of industry and population in Ontario has created enormous demands for provincial and municipal public services in the form of new hospitals, schools, highways, sewers, water-works and projects for conservation and pollution control. But in the face of this expansion, the tax structure has remained immobile and out of balance with the requirements of the provinces and municipalities.

Our object should be to achieve a tax structure that is favourable to industrial expansion and gives full play to the willingness and power of the people to work and save. At the same time it should be clear, equitable and in balance with the need of each level of government. We must aim not only at social justice in taxation, but also at devising a system which best assures that economy and efficiency in government services will be encouraged.

At the dominion-provincial conference of 1945-46, an economic committee, consisting of technical advisers of the federal and provincial governments, was established and accepted as permanent machinery by all the governments to serve as a fact-finding body on taxes and other fiscal matters. This economic committee held meetings in December, 1945, and again in January, 1946, but its work was not continued.

We urge the federal government to re-constitute this economic committee. The committee should then be directed to study the Canadian tax structure, including the distribution of taxes and revenues and the allocation of functions among governments, and to report on the fiscal measures which will best serve to promote good government at all levels.

I would point out that at the very time the government of Ontario entered into this tax agreement, it pointed out the agreement was nothing but a stopgap. The premier of Ontario made it quite clear that this was not something he expected to stand until some time nearer the approach of the time to reconsider this agreement. He said, and I repeat words that I have already quoted:

We have urged the federal government to begin discussions with the provinces now with a view to obtaining these objectives.

Surely, Mr. Speaker, this statement is not open to the interpretation that the government of Ontario, any more than any other provincial government, expects to wait until the maturity of the present agreement or until all provinces have similar agreements to examine the situation. It will be seen that the premier of Ontario asked that the economic committee reconvene when he made this statement in 1952. The purpose of this economic committee was to provide the essential statistical information upon which to base arrangements between the governments. As evidence that the position of the Ontario government has changed in no way on this subject, the request for the convening of the economic committee was repeated by the premier of Ontario in his budget speech in March of this year. This was brought to the attention of the federal government. I have no doubt, in fact, that they had already seen it. On March 22, the Minister of Finance (Mr. Abbott) was asked if the government had made any decision concerning the proposals by the premier of Ontario that the economic committee be reconvened. The minister's reply, as reported at page 3195 of *Hansard* for that date, was certainly illuminating.

Mr. Abbott: As usual.

Mr. Drew: He said:

Speaking for myself, I have not been able as yet to give any consideration to that suggestion.

As the Minister of Finance says, it was as illuminating as usual.

Having received no satisfaction from the Minister of Finance, the hon. member for Kamloops (Mr. Fulton), who had asked the first question, then asked the Prime Minister (Mr. St. Laurent) on March 26 if the government had made any decision in regard to this proposal. The Prime Minister replied, and these are his words, as reported at page 3364 of *Hansard* for that date:

Mr. Speaker, the matter has not been discussed in council and, of course, no decision has been arrived at.

There the matter stands. Nearly two months have passed since the proposal was made, but there is still no answer. Evidently the decision has not yet been made or has been made against the proposal. The Prime Minister would lead us to believe that the decision has been not to call a conference because he says he sees no reason for bringing the representatives of the provinces together. In his speech yesterday the tone of the Prime Minister was conciliatory in every way, and so were his words. According to the Prime Minister the door is open. The question arises, open to what?

Can there be any doubt in the mind of anyone who has listened to the speeches of the Prime Minister and the Minister of Finance that the door is open only if the government of Quebec is prepared to accept some arrangement similar to the temporary agreements with the other provinces? The speech of the Prime Minister yesterday, taken as a whole, is not susceptible to any

other interpretation. The Prime Minister asked the government of Quebec to make a proposal. Now, whether the proposal is agreeable to the government of Canada or not, the government of Quebec has made a proposal. We have all read about it for some time, and we have heard it discussed in this house. It was discussed by the Minister of Finance in his budget speech.

The government of Quebec proposes that the 15 per cent personal income tax levied by that government be deductible for federal tax purposes so that there will be no duplication of taxes. Whether this proposal is acceptable to the Prime Minister or whether it is approved by other hon. members in this house, there is no doubt of the fact that there is a definite and understandable proposal which has been refused. It is that situation with which we are now confronted. I submit it is our duty to examine this. We must examine it. The Minister of Finance took a great deal of time to explain why they were refusing this proposal. It is the duty, therefore, of every one of us to consider just what this proposal means; what the effect would have been if it had been accepted, to see if we can find any reason for the attitude of the government under present circumstances.

I have sought to emphasize my own belief that this is part of a common problem affecting every province and arising out of the wartime tax agreements of 1942. It is not something peculiar to Canada alone. The same problem does affect the governments of Australia and does affect other federal states as well. At the time the provinces of Canada gave up their rights in the fields of direct taxation allotted to them by the British North America Act, the government of Canada solemnly undertook to restore the position of the provinces in these tax fields after the termination of hostilities. May I say, Mr. Speaker, that this undertaking was not something put forward by the government of Canada on its own initiative. It was something that was insisted upon by the provinces that at that time recognized the possibility that at the time the agreements ended there might not be a return of those tax rights.

As the Prime Minister recalled, I was present here in Ottawa during some of those discussions. As a matter of fact, I renewed those discussions when I became premier of Ontario in 1943. I know what the reasons were, and I know that it was on the prompting of the provincial governments that certain undertakings were given that were intended to be respected after hostilities had ceased. Having said that, may I say without any reservation that the provinces which entered into those agreements did so in the belief that they were playing their part in a common effort to give to Canada the opportunity to meet the great dangers with which we were then confronted in the very gravest days of the last war. After the war was over requests were made that these agreements be carried out. In fact, before the final stages of the war with Japan we were called together in conference here in Ottawa to consider proposals put forward by the Canadian government. In fact, it was on the very day that the first atomic bomb dropped on Hiroshima that we met here in Ottawa to discuss ways and means by which those undertakings could be carried out. That is now nearly nine years ago. The provinces are still waiting for the government to take the initiative, which must be the initiative of the government of Canada, to find a solution to this financial and constitutional problem, which was the result of the combined effort when all the governments met during the years of war to meet the dangers that then confronted the whole of Canada.

I submit, Mr. Speaker, that examining the discussions that took place, examining the agreements that were signed in 1942, examining the statute which approved those agreements and examining all the discussions that have taken place since that time, it is the duty of the government of Canada to find the way to honour that pledge.

Again, let me repeat that this is not an issue between the government of Canada and the government of Quebec alone. This is an issue affecting the whole federal system. It was very simply and fairly stated by the late Angus L. Macdonald in a speech to the Dalhousie law school two years ago in these words:

> A fundamental question now arises. It is this: Do we wish to continue as a federal state?

I quote his words because the premier of Nova Scotia at that time was a great student of constitutional law. He had also been closely associated with this problem from its very beginning. That same question is being posed today in Australia. The Prime Minister of Australia said last year that the federal system there will—and I quote his words—"break down hopelessly", unless the authority of the state is restored. I merely quote this to indicate that there are others who have this problem, and that there are others who share the same opinion.

The Prime Minister of Canada said yesterday: What good would come of inviting the premiers of all the provinces to a conference? First, Mr. Speaker, is the fact that it would be fulfilling the duty of the government of Canada to the provinces. Second, is the fact that it would be starting to work out arrangements by which its pledge could be

fulfilled. Third would be the fact that all provinces could discuss this subject with knowledge of the difficulties which will arise if a clear and workable plan is not formulated before the termination of the present temporary agreements.

May I quote one of the most highly respected financial papers in the world in regard to this situation? The London *Economist*, discussing the agreements signed in Australia in 1942, which followed very much the same pattern as those in Canada, had this to say last year:

> No other single act in the history of Australian federalism has done more to strengthen and consolidate the centralization of power in Canberra than the adoption of uniform taxation in 1942.

It was in relation to this statement of the *Economist* that the late Angus L. Macdonald said this:

> If that comment be accurate for Australia, can a like view be taken of the existing federal-provincial agreements in Canada? That is a question to which I should hope all Canadians, and particularly lawyers, should give serious and enlightened consideration.

It is with these warnings and statements of this kind before us that I do urge the Prime Minister and every hon. member to examine this problem with the utmost care and to recognize that what has happened in the case of the province of Quebec is merely an indication of what can happen on a much larger scale, unless the Prime Minister comes to grips with this subject without further delay by inviting all the premiers to a conference.

There is another aspect to this question of a general conference which I should mention in passing. As was recited in the statute approving the agreements of 1942, it was the municipalities as well as the provincial governments which gave up taxing rights. At all times the municipalities have been as greatly concerned with some proper reallocation and definition of taxing power as have the provincial governments. All over Canada today municipal councils are emphasizing the serious situation with which they are confronted. Denied other taxing fields, the increasing local burdens place heavier and heavier taxes upon the homes and real estate generally. If there were no other reason for a general conference at this time this in itself would constitute an urgent and compelling reason why the Prime Minister of Canada should invite the provincial premiers, along with representatives of the municipal councils, to examine this subject without further delay.

If only to emphasize my point, may I recall the statement made by the minister responsible that civil defence organization is more important than ever before because of the threat of the hydrogen bomb. That was what he said only a little over a week ago. If that is so, and in this case I do not think his statement will be seriously challenged by anyone, then there are added urgent reasons why the plight of the municipalities be examined and a new method found for raising the revenue required by the municipalities as well as in the larger legislative areas.

Now, let me examine the request of the province of Quebec, the proposal of the province of Quebec, that the provincial income tax amounting to 15 per cent of the federal income tax should be deducted. Great exception has been taken to the levy of the 15 per cent provincial income tax. At what point, Mr. Speaker, did 15 per cent become such an impossible figure? The Prime Minister admits that the burdens on the provincial and municipal authorities have increased proportionately with those of the government of Canada. It seems strange that the government of Canada should be so worried about 15 per cent, when it not only approved of an earlier levy of 15 per cent by the province of Quebec, but actually collected that amount for them under a single tax form, with a single cheque payable to the federal treasury and signed by the taxpayer. That system worked well for several years up to the time of the tax agreements in 1942. This government then accepted that percentage as satisfactory and collected the provincial as well as the federal tax under a system which not only worked satisfactorily between the government of Quebec and the government of Canada, but worked equally satisfactorily between the government of Ontario and the government of Canada.

Mr. Abbott: But there was no deduction, of course.

Mr. Drew: I will deal with that. It worked equally satisfactorily with taxes collected from Manitoba and taxes collected from Prince Edward Island. At that time well over 70 per cent of the taxpayers of Canada were paying their taxes under that satisfactory arrangement. And the fact is that, in the case of Ontario, there was no duplication of taxation. At that time the dominion government had not, of course, all the taxes gathered together the way they have today. They were only collecting 39 per cent of the total tax burden. The provincial and municipal governments had a wide field of taxation open to them. Therefore the Ontario government deducted the taxes payable to the federal government from all the taxpayers in Ontario, and avoided duplication. And at the time the

1942 agreements were signed all the governments were discussing the possibility of extending similar arrangements to avoid duplication.

This is not the first time it has been tried. And when it worked so well in the years up to 1942, I would recall the promises to restore the provinces to their position at the time the agreements were signed. And their position at the time the agreements were signed was a position which included this method of collection—a method of collection which has been asked for by the premier of Ontario as well as the premiers of other provinces.

I submit that this government is in honour bound to adopt that method, if it lives up to its undertaking made in 1942 to restore the provinces to their position at that time.

Mr. Lesage: It was only 4 per cent in Quebec in 1942.

Mr. Drew: At what point did this method become so unacceptable? The fact is that it became unacceptable at the time this government started on a definite plan of the centralization of taxation in Canada to get as much power here in Ottawa as possible. This has been no accident. It has been a steady and deliberate plan to bring under the control of this government as much of the total tax moneys of Canada as possible.

Then we come to the question as to whether the 15 per cent should be deducted. Well, it is not for me, and I submit it is not for the government of Canada, to say whether a provincial government is levying the correct amount, as long as the amount it is levying is within its rights, and for the purpose of carrying out its duties under our constitution.

Mr. Abbott: Hear, hear.

Mr. Drew: So long as it complies with those requisitions it has a right to do so. And I am glad to hear the Minister of Finance (Mr. Abbott) saying "hear, hear." I would hope that we might see some evidence of complying with that principle. Any talk of a province occupying the whole field is really not worthy of consideration.

The fact is that the provinces are very susceptible to the attitude of the people toward them. The people are much closer to their provincial governments than they are to this government at Ottawa. The provincial governments have not the publicity agents, either, to obscure the realities by the methods that have been employed so successfully by the government. The fact is that the provincial governments will undoubtedly find that voters in any province, if they can, will deal with the situation to meet what is legitimately required for their own purposes.

[Mr. Drew.]

Now, let us examine the question of deductibility. The Prime Minister (Mr. St. Laurent) indicates that he does not question the right of the government of Quebec to levy its income tax. But he does challenge in the strongest terms the proposition that there is any prior claim to the field of direct taxation. I cannot recall that it has been asserted at any time that there is a legal priority on the part of either government. We all know that through somewhat loosely-worded provisions of the British North America Act the federal government was given particular power to tax in any field. The provincial governments were given the right to tax only in the field of direct taxation. That produces one simple result: If the provinces are to have any real authority, then that authority must be interpreted in their ability to tax. Therefore the provinces, having the direct tax only as a source of revenue for the carrying out of their responsibilities, surely must be assured of an adequate area of taxation within that field.

As premier of Ontario, this is what I had to say on the subject on August 6, 1945—and I repeat that statement now as a statement which indicates the position we took at that time, and it was the same position that was put forward by other provinces. I said:

> While it might be legally possible for the dominion government to extend direct taxation to such a point that they could completely blanket the only field of taxation open to the provincial governments, it need not be argued that such a result was never intended and that the very existence of the provincial legislatures and their governments under the British North America Act carries with it the implicit understanding that the dominion government will leave the field of direct taxation open to the provinces to such an extent as will make it possible for them to fulfil their obligations to the people.

Mr. Speaker, that puts forward a position that was not seriously challenged at that time. The fact is that the government of Canada has recognized a priority, and it has itself established the principle of deductibility. Why argue about deductibility as though it was something that had not already been accepted by this government? The question is only as to amount, only as to percentage. This government has already provided for 5 per cent in the case of personal income tax, and it has dealt with the subject also in relation to corporation income tax. Deductibility as such, therefore, is not in question; it is the amount.

If we recognize the fundamental principles of our federal system, it is the right of the government of Canada to say to any province: We accept the proposition that you can levy a provincial personal income tax. We re-

cognize that it should be deductible. But we think it is our duty to tell you that it must not be over five per cent.

Mr. Speaker, the acceptance of that proposition would mean the end of the federal system. The acceptance of that proposition would mean that no provincial government could carry on its duty, except with the consent and permission of the federal government. No matter what the name might be, the provincial governments would be nothing more than subservient commissions carrying out the orders of this government. They would be rubber stamps for Ottawa. And whenever they needed more money they would have to come, cap in hand, as the premier of Quebec has been invited to do, through that door that is opened for such a clearly defined purpose.

Surely that was not the spirit or the intent of our federal system. Then, again, let us recall that this government itself gives the strongest arguments in support of the proposal which has been made by the province of Quebec.

This government for some time permitted five per cent deduction in the case of corporation income tax. The provinces of Ontario and Quebec have levied a seven per cent tax. They were two per cent above the provincial taxes, and the five per cent was deductible as in the case of personal income tax.

Last year the government introduced an amendment extending the exemption from five to seven per cent, and for what reason? They extended it because that was the figure of the provincial levy. This was what the Minister of Finance (Mr. Abbott) said on March 10, 1953, as reported at page 2783 of *Hansard*:

> This amendment is being recommended in conjunction with the proposal which I announced in my budget speech of increasing the credit for corporation income tax from five per cent to seven per cent in accordance with the principle that nothing in federal legislation shall in any way discriminate against a province which does not enter into a tax rental agreement.

That was a principle clearly asserted in relation to corporation tax which at that time had been set at a figure above the figure for which the federal government had provided deduction. Therefore, for the reasons explained by the Minister of Finance, the deduction was increased to meet the amount imposed by the provincial government. There is no other way by which it could have been arrived at, and the fact is that the only question is one of amount. The only reason that this government will not meet the request for a deduction up to 15 per cent is that five per cent is, so they say, what the province can have in the case of corporation tax. But it is apparently not for the province to say what they should levy in the field of their own taxation.

If it was proper for the government to extend the deductibility to the point at which the provincial governments had levied corporation income tax, then why is it not equally proper to extend the amount of deductibility in the case of personal income tax?

Mr. Abbott: I did not wish to interrupt my hon. friend, because I know he wants to be accurate; but the seven per cent was raised from five per cent after the negotiation of the 1952 agreement. That is the figure provided in the agreement which the provinces may impose.

Mr. Drew: Yes; that was the figure provided in the agreement which the provinces may impose for the very simple reason that this government was meeting the levy that was imposed by the government of Ontario and it was made at the suggestion of the provinces.

Mr. Abbott: At the suggestion of the provinces, certainly.

Mr. Drew: It was suggested by the premier because the provinces were levying seven per cent and that province as well as the province of Quebec arrived at the figure of seven per cent for the reasons which the Minister of Finance has now indicated. The Minister of Finance has now made it quite clear that there was no other arithmetic foundation for arriving at that figure.

Mr. Abbott: At that time it was a matter of negotiation between all the provinces and that was the figure arrived at.

Mr. Drew: It was a matter of negotiation and I hope there will still be some consideration given to this subject, because I am going to suggest that the same method of negotiation be used in relation to personal income tax as was adopted in the negotiations which took place in regard to corporation income tax.

The government has established the principle of deductibility. It accepted 15 per cent as a perfectly proper percentage on an earlier occasion. Let us therefore examine what the results would be if we followed the same methods of negotiation as were followed in 1952.

If this arrangement were carried out, the government of Quebec would receive some $25 million less from this source than it would receive if it entered into an agreement similar to that which the other provinces have signed. The situation therefore is a simple one. The situation is that the proposal

put forward by the government of Quebec is one which will cost the Canadian taxpayers generally $25 million less than would be paid if Quebec entered into an agreement at this time, similar to that which this government is so anxious to have them sign.

Since the government of Quebec is prepared to accept $25 million less, and the federal treasury saves that amount, what explanation can there be for the suggestion that any province would be prejudiced by an arrangement of this nature? Yesterday the Prime Minister said, as reported at page 4339 of *Hansard:*

> No one, I hope, would suggest, in order to give Quebec taxpayers more generous deductions than those now provided for in our income tax law, that we should either increase the tax rental payments to the other provinces or agree that they too may impose their own taxes and get for their taxpayers, at the very substantially increased expense of the federal treasury, somewhat more generous deductions. The federal treasury just could not stand either of those courses.

I cannot believe, Mr. Speaker, that those were the words the Prime Minister intended to use. It is difficult to understand why they were used. The federal treasury would be paying out $25 million less than they have indicated they are anxious to pay to the province of Quebec. There would not be one cent more paid to any other province. There would be a net saving to the taxpayers of Canada of $25 million which, to be perfectly clear about it, would be at the expense of the income tax payers in the province of Quebec. We cannot complain about that, however, because that is what the government of Quebec has suggested. The situation is that not one cent would be added to the amount that this government would collect from the other provinces. Is the Prime Minister suggesting that this government really is not ready to have Quebec sign an agreement? I do not believe it. On the contrary, I was under the impression they were anxious to have Quebec sign an agreement. If that is so, then they are prepared to pay Quebec $25 million more without adding a cent to the taxes which would be collectable elsewhere, or change the amount payable by the other provinces.

Mr. Lesage: What would be the effect of the 15 per cent deduction in Ontario?

Mr. Drew: Mr. Speaker, the points I am making are, I am sure, perfectly clear to the Minister of Finance.

Mr. Lesage: Why don't you answer the question?

Mr. Drew: The question that is being asked is as unreal as the statement by the Prime Minister which I have just quoted. Every provincial government has fixed its taxes for this year and the hon. member who has just interrupted should know that. If he does not know that, he should, because they were fixed some considerable time ago, and at the time they were fixing it the premier of Ontario asked the government of Canada to reconvene the economic committee and we are still waiting for this government to decide what it is going to do in regard to that proposition.

Mr. Abbott: You have still failed to answer the question.

Mr. Drew: I have not failed to answer the question. I have made it perfectly clear that there would be no change this year in the amount that would be collected in Ontario or any other province, not a cent. There cannot be, for the taxes have already been levied and anyone who is aware of taxing methods must know that and would not raise that question.

But, Mr. Speaker, I think there is a solution to this apparent impasse. It is one which would detrimentally affect no provincial agreements. It is one which would detrimentally affect no taxpayer in any part of Canada. I suggest and most earnestly urge that the Prime Minister agree to this deduction. The Minister of Finance indicated this afternoon a method by which this can be dealt with. He indicated that when this government very properly extended the deduction in the case of corporation income tax by the amount levied by the provinces it was done in a friendly co-operative spirit. Now then, let the same method be adopted in regard to personal income tax. Let it be done for this year. Let the Prime Minister at the same time call the premiers together to a conference here and start discussing the vitally important problem—not of the single tax payments in any province but the broad problem—of the reallocation of taxes in every province of Canada for the benefit of the provinces and of the municipalities. That would be a solution that would deal with the situation this year. If this government is ready to send its representatives all over the world to meet other governments in the hope of finding solutions of problems, surely it should be prepared to display the same spirit here in Canada. Surely it does not think that a solution of this difficulty—and I am talking about a solution with all the provinces—is more difficult than is the solution of those problems which arise with the persons that Canadian representatives are now meeting at Geneva.

Mr. Speaker, the Prime Minister has it within his power to display a spirit which would be extremely helpful in ending comments of a kind that are not conducive to the

strengthening of unity within this country. The Prime Minister alone can call this conference together. I assume that we shall soon be voting on the budget.

Some hon. Members: Hear, hear.

Mr. Drew: Mr. Speaker, those "hear, hears" show a greater measure of interest in the budget than most of the hon. members opposite have displayed at any time since it was first announced.

Mr. Lesage: What about the "hear, hears" from your own side?

Mr. Sinclair: We have been bored to tears for the last hour.

Mr. Drew: Mr. Speaker, the solution to this problem is one which need not place before us the necessity for deciding the advantages of one procedure or another. The facts are there. Whether it is the best proposal or not, the proposal before this government is one which will save the taxpayers of Canada $25 million they would otherwise pay if the government of Quebec signed the agreement which this government has sought to have them sign. When the vote on this budget takes place, it is perfectly true that it is not a vote on an ordinary budget. The Prime Minister made that fact clear yesterday. He said that it is not customary for the Prime Minister to enter this debate. That has, in any event, been true in recent years in this house. There are very great differences. The Minister of Finance (Mr. Abbott) made that fact clear by the amount of time he devoted to this particular problem which I have been discussing.

Mr. Abbott: Not as much as the Leader of the Opposition has taken today.

Mr. Drew: Oh, Mr. Speaker, the Minister of Finance had an extremely poor case. The Minister of Finance took sufficiently long to present the dismal picture he put before this house that he should object to no reasonable time that is now taken to present the real facts of the case.

Mr. Sinclair: What a man!

Mr. Abbott: The Leader of the Opposition has a poorer case today.

Mr. Drew: Even his assistant did not understand it, as was indicated just a few minutes ago. Mr. Speaker, those who vote for this budget will, by their vote, express approval of the refusal by this government to consider the proposal that is before them from the government of Quebec. That fact is perfectly clear. Those who vote in support of this budget will cast their vote in support of the proposition that there is to be no conference of the governments of Canada as was promised and as has been asked for by most of the provinces of Canada, if not all. Those who vote for this budget, quite apart from any of the figures involved, will also be voting in support of the proposition that nothing now be done to attempt some method of meeting the urgent needs of the municipalities whose tasks are increasingly heavy at this time and who need consideration as much as do any government authorities in Canada. Do not let any member of this house try to argue that the vote is only on the figures. The vote is on the figures and the meaning of the statement presented to this house by the Minister of Finance and which the Prime Minister yesterday said met with his complete approval and that of the government. That is what the members of this house are voting on.

Mr. Abbott: That is right.

Mr. Drew: I hear the Minister of Finance say "That is right". I hope hon. members will all recognize the fact that the Minister of Finance, speaking for the government, indicates that his belief is that these are the things which members of this house are voting on if they support this budget.

Mr. Lesage: It is a vote of confidence.

Mr. Drew: Mr. Speaker, I believe the proposal that has been put forward offers a solution which still should be considered even at this late stage in the debate. What is there that separates this government and the government of Quebec so far as anything that has appeared before this house is concerned? What separates them is a costly conflict over the way in which the government of Quebec is going to raise revenues which will be $25 million less than they would be entitled to collect from the very same source if they entered into the agreement proposed by the government itself. That is a costly conflict, a meaningless conflict and one that members of this house should not wish to see take place when such an easy solution presents itself, with the certainty that, before taxes are levied next year by this government or by any provincial government in Canada, they can solve this problem by meeting and dealing with it in the way that governments in Canada have dealt with this subject on earlier occasions.

I believe that the very fact that such a proposal were made would carry with it the suggestion of co-operation and of a friendly spirit which, if it is important in the international field, is far more important right here in Canada where the strength of our country starts to be built. I believe that it will provide a solution which is acceptable

right across Canada. No other part of Canada loses anything. No other part of Canada is denied the chance to meet and to discuss the way in which these problems would be solved. Every government in Canada would have the chance to begin to lay the foundation now for those broader arrangements or those wider adjustments that were clearly promised in 1942 when the provincial governments gave up their main taxing rights. The test of harmony and good will to which the Prime Minister referred yesterday lies now with the federal government. Again I urge the Prime Minister to say that this proposal will be accepted and, at the same time, that he will call a conference. I believe that this display of harmony and good will would be in keeping with the grave times in which we now live.

Mr. W. M. Buchanan (Cape Breton North and Victoria): Mr. Speaker, I am aware of the fact that the house is anxious to dispose of the budget debate but, as a new member who has not taken up any of the time of the house during this, my first session of parliament, I feel that I should make a few remarks at this time because I represent a constituency which is both rural and industrial. The budget is a document that has considerable influence on the year ahead for both farmers and industrial workers. Before speaking briefly on the budget, there are a few matters I should like to discuss which are of particular interest to the people of my consituency. I want to make these observations because in my riding, where we have some unemployment, I think that certain measures that are of interest both to the provincial and the federal governments will be of some help in relieving unemployment. For example, at the present time the federal and the provincial governments are making a forest survey in connection with the pulp industry. Half the cost of the survey is being met by the federal government. The result of the survey may mean more development in the pulp and paper industry which of course would help to relieve unemployment.

The second point that I should like to bring to the attention of the house is the fact that work will be undertaken in Cape Breton this summer on the trans-Canada highway. I understand that as part of this work a bridge will be built across the Bras d'Or lake which will relieve the congestion caused by the present long wait for ferries. I might also mention that we have one of the finest national parks in the Dominion of Canada at Ingonish. It is a part of the famous Cabot trail and is a great attraction for tourists, who come from all parts of North America and spend their vacations at beautiful Keltic lodge.

We also have one of the finest harbours on the Atlantic seaboard. The federal government built a new terminal at North Sydney at considerable cost. There are a large number of men employed as stevedores and in similar work at North Sydney which is the point of embarkation for Port aux Basques, Newfoundland. Within a short time we expect a new ferry, now under construction, to be put into operation between North Sydney and Port aux Basques. This ferry is badly needed because imports and exports over this route have increased considerably since Newfoundland joined confederation. I am pleased to say that the people of my constituency appreciate very much the federal government's action in making the ferry route to Newfoundland part of the Canadian National Railways system.

The port of North Sydney also enjoys a large trade with the Portuguese fishing fleet, and the purchases they make in the town of North Sydney are very important from the standpoint of revenue. We look forward to an increasing and expanding trade with the Portuguese fishermen, but I would remind the Minister of Public Works (Mr. Winters) that some dredging is necessary at several docks to permit continued and uninterrupted service for these foreign fishing boats. I am reasonably sure that the minister will see that this necessary work is undertaken.

The budget is a very important statement. It is an account of the stewardship of the government for the past year and a forecast of the social and economic picture for the year that lies ahead. The budget presented by the Minister of Finance (Mr. Abbott) on April 6 did not make any great changes. There is a great deal of argument that many things might have been done, but in my opinion economic conditions in Canada and throughout the world would seem to justify the stand taken by the government, namely, to determine if the economic factors outside our own country which influence trade and mean so much to us in the field of employment will bring about the changes necessary to stimulate our whole economy.

In order to solve unemployment not only government action is required but also the understanding co-operation of labour, management and government. In the circumstances which now confront the country it would appear to me that the only way to increase our purchasing power and to stimulate consumer buying, which would assist in

relieving the unemployment problem, would be for the government to give immediate reconsideration to the extending of unemployment insurance benefits and to the increasing of social security payments. This line of action, I think, is realistic and completely the reverse of recommendations made by some sections of the opposition that the government should retrench by curtailing its expenditures in many fields.

We have heard a great deal about the proposal of the government of Quebec to impose a provincial income tax of 15 per cent and to have it allowed as a tax offset by the federal government. As a junior member of the house, I am not going to say too much on the question of dominion-provincial relations or the constitution of Canada, but I should like to say that the only way we can get equality of opportunity in Canada, as between province and province, is for the federal government to have the power to collect taxes as they are doing under the dominion-provincial agreements so that we will be able to carry on our present social security program, hospital grants, vocational training grants and other assistance to the provinces of that nature.

In effect, under the dominion-provincial agreements, with the taxing powers in the hands of the federal government, the federal government is then in a position to redistribute the wealth of the country on a more equitable basis. The prairie provinces and the maritime provinces would lose very heavily were any action taken which would tend to upset the present dominion-provincial agreements. I feel that it is my responsibility as a Nova Scotia member to put myself on record as stating most emphatically that I will use whatever power I have as a member to support a continuing policy of a more equal distribution of the wealth of the country.

The budget did offer some relief to the Nova Scotia coal mining industry. The 10 per cent sales tax on stokers for use with furnaces in the heating of buildings, and on coal crushers for use directly in the manufacture and production of goods, was discontinued. This, I think, is a gesture in the right direction.

The coal industry of the maritime provinces is undergoing a serious period of reconstruction in order to meet the competition from gas and oil. The picture is far from bright, but I feel the industry, the workers and the general public of Nova Scotia are aware of the problem and are doing all they can locally to find a solution. I feel that the people of the maritimes, with their inherent good sense, their vision and courage, will find a way out of this problem as they have out of many other serious problems with which they were confronted.

One could continue, Mr. Speaker, presenting the academic picture of the budget. However, I believe I have said sufficient to indicate that little change will be felt by the average person in Canada in 1954 in so far as tax relief is concerned. I repeat, therefore, what I said in opening, that the government was realistic in holding the line for this year in order to determine what changes may be necessary to meet conditions in a changing world. The next year will be a crucial one. If we can get by without a war, and I am sure we can, then the main emphasis will be on making the social and economic changes that are going to be necessary to meet conditions that are arising as other parts of the world get into production and with whom we shall have to compete in world markets.

I am sorry, Mr. Speaker, that I found it necessary to occupy this short time at this period of this session. I did feel that I should make these few observations to indicate to the people who sent me here that I am endeavouring to present their views on matters that are creating difficulties in the country.

Mr. A. J. Brooks (Royal): May I at the outset, Mr. Speaker, congratulate the hon. member for Cape Breton North and Victoria (Mr Buchanan), who has just taken his seat, upon his address. I feel he found perhaps the same difficulty that most maritime speakers have found, and that is to say anything good about this budget. His remarks conveyed the same impression as the remarks of others from the maritime provinces, that the situation in the maritimes is serious indeed. There is very little help for us in this budget. They all had great difficulty, as did the hon. member, in finding anything to praise.

A few days ago I listened to the hon. member for Westmorland (Mr. Murphy). He pointed out that a great many men in his constituency were without work, and said there were a great many out of employment in the city of Moncton as a result of lay-offs by the Canadian National Railways. The hon. gentleman did not dwell very much on the unemployment situation in Westmorland or the difficulties the people there are having. He spoke about the Chignecto canal, which is always a safe subject either in Westmorland or any other part of the maritime provinces. I have spoken on the Chignecto canal upon many occasions, and like the hon. member for Westmorland, I intend to continue pressing for the development of that canal.

There are, however, immediate problems in the maritimes and, as I said a moment

ago, there is little indication that this budget will help us in any way. I listened to the hon. member for Gloucester (Mr. Robichaud). I might say that I wish to congratulate all these hon. members on their remarks. He was greatly concerned about the fisheries in New Brunswick, and in his own county of Gloucester in particular. He spoke of the great need of public works, but did not in any way compliment this government on its budget or upon what it was doing for his part of the country.

Yesterday I listened to the hon. member for Kent, N.B. (Mr. Michaud). He spoke of the great difficulties being experienced by the farmers of Kent county, and of the fact there are no markets for our fisheries. He spoke about the people leaving the county of Kent. He could have gone further and spoken about the people who are leaving the province of New Brunswick and the maritime provinces. He said that only the old and very young people were left in his constituency. He mentioned the fact that the old people were receiving the old age pension and the very young were receiving family allowances. The young men who wish to start homes, the people we are anxious to keep in the maritimes, unfortunately are the ones who are leaving.

I could go on and mention the remarks of other hon. members, such as the hon. member for Cumberland (Mr. Lusby). I wish also to congratulate him on his speech. It was a well prepared address, and he had a strong feeling for his own county of Cumberland as well as for the rest of Nova Scotia. His complaint was, as was the complaint of the hon. member who has just taken his seat, concerned with the sad situation of the coal industry in Nova Scotia today. As I say, there was little in any of these speeches that I feel would commend this budget that has been introduced to the people of the maritime provinces.

I cannot say that I was altogether disappointed in the budget. I have been in this house now for quite a number of years, and I have learned from experience that a post-election budget is never a very satisfactory budget so far as the people are concerned. We have learned not to expect very much, and we were not disappointed in the budget in that respect this year. Some reductions in taxes were made, but as has been pointed out by numerous speakers they were mostly on luxury goods. So far as my home town of Sussex is concerned, I was pleased to note there would be a reduction in the excise tax on soft drinks. There are two manufacturers of soft drinks in the town of Sussex, and this reduction will be of benefit to them.

I was not so well pleased, Mr. Speaker, with the resolution that proposes to tax mutual insurance companies. Resolution No. 6 of the budget resolutions proposes this tax on mutual insurance companies doing business in all parts of Canada. In New Brunswick we have five small mutual insurance companies and, as everyone knows, they are made up mostly of farmers. In the 1930's it was very difficult for the farmers to obtain fire insurance. They banded together and formed these companies in order to help themselves. As far as these companies are concerned the government now proposes to tax what is known as underwriting gains. In some years, over and above the amount of money which is collected from the premiums, there are certain gains. In other years, naturally there are losses. It depends on the amount of money that has to be paid out for fire losses. I understand that these companies are not objecting to any tax assessment on the interest of their earnings, and that is very important; but they do object to a tax on the underwriting gains of the company. The matter came before the Supreme Court of Canada. I might say that the company which was responsible for bringing this matter before the Supreme Court of Canada was the Stanley Mutual Insurance Company of Stanley, New Brunswick. It is one of the five small companies of this kind that we have in the province.

The judgment of Mr. Justice Locke of the Supreme Court of Canada, which was concurred in by the other five judges who sat on the appeal bench, was that these companies should not be taxed. They declared that the gains were not profits. I should like to read just what Mr. Justice Locke said:

> "The question is whether the surplus resulting from the amounts received from premiums paid in cash at the time the insurance is effected and from assessments being in excess of that required for the company's operation is a profit or a gain" . . . "no question arises regarding the interest earned upon the company's investment of its reserve fund which is conceded to be taxable."

The court held that the underwriting gain of a mutual was neither profit nor gain so as to be taxable within the terms of the Income Tax Act.

I do not intend, Mr. Speaker, to labour this point further; but I feel that, taking into consideration the judgment of the supreme court and taking into consideration the fact that these companies, as I know them at least, are small companies which are banded together in order to assist farmers mostly, in all fairness this resolution should be withdrawn and there should be no tax

imposed as far as these companies are concerned. I hope that resolution No. 6 will be withdrawn.

The minister was very optimistic in his budget. I feel that very few share his optimism when he said as reported at page 3726 of *Hansard*:

> My reasons for saying this are, first, that the support to be given to production in 1954 in the principal areas where demand originates is well assured. This statement holds good whether we look at the intentions of Canadian business with respect to new investment, or at the probable expenditures of Canadians as consumers or builders of new houses, or at the rate of government expenditures, or at the prospects for export.

As far as business investment intentions are concerned, in 1953 the business investment was $5,059 million. As far as the proposal for 1954 is concerned, it is ·4 per cent lower than it was in 1953, which does not indicate that business expects to improve. The minister has told us that there would be an upward swing in the second half of 1954. Well, it is May of 1954, and we shall not have to wait very long to see whether there is an upward swing. I may say that there are very few indications of it at the present time. Unemployment is not only increasing—

Mr. Winters: No.

Mr. Brooks: —but business is finding that it is having a more difficult time as the days go by. I am not one of those who cry blue ruin. As a matter of fact, I do not think there is any necessity to cry blue ruin. I am also not one of those who would say that prosperity is around the corner. The situation is serious and unfortunately it seems is either going to remain serious or become more serious.

As far as agriculture and fishing are concerned, the prospects are that they will be down 5·2 per cent in 1954 over 1953, and the prospects for lumbering and forestry industries are that they will be down 15·3 per cent. Those industries are of very great importance to our maritime provinces, and when lumbering, fishing and forest industries are down, then the whole economic situation of the provinces is in a bad way.

I might also point out that the maritime provinces always seem to be the first hit when there is a recession or a depression. We have mentioned the textile industry on a number of occasions. As hon. members know, one of the large textile mills in New Brunswick was the first to close its doors, throwing some 500 to 600 people out of work, with no prospects of ever opening again. We also know that the textile mill in Milltown has had to lay off a great many of its staff; and in my town of Sussex four or five years ago we were fortunate in having a small textile mill move down from Quebec and open up there. It was a great asset to our town, and gave employment to quite a number of people. The relations between labour and employers were the very best both in the factory and in the surrounding country. Within the last three weeks this factory has also had to close its doors. They say it is only temporary, but still there is no knowledge when it will open again. These things are very serious. To me they are a clear indication that the situation is not good or not as good as it should be.

We might look at some other indications, Mr. Speaker. A fair indication of business in this country is the matter of railway carloadings. Today they are 8 per cent under figures for the same period in 1953. On March 21 the cumulative 1954 loadings was 737,531 cars as compared with 818,267 in the same period last year. That is a reduction of 10 per cent. That is a very fair indication of the big drop in business in this country.

We also may take as an indication the purchase of new motor vehicles. It used to be considered that a motor car was a luxury. Today it is considered a necessity. In addition to the motor car there is the truck, which is one of the great essentials of business in this country. The new motor vehicles sold in January of this year numbered 23,133, a drop of 7,070, or over 23 per cent, from the same period as last year.

Surely this is a strong indication, Mr. Speaker, of a great drop in business in this country.

Retail value was 21 per cent lower with a figure of $59,137,000 as against $75,031,000 last year. And I could go on to mention numerous other indications. The unemployment insurance claims also give an indication. On the live unemployment insurance rolls of February 26 the number stood at 512,567, an increase of 17,736 or 4 per cent over the month previous, and 149,402 or 41 per cent over the same date last year. These, to my mind, are all very strong indications of what the situation is in this country today.

I was interested to note in the labour research for the months of March and April a list of the number of industries showing a drop in employment. These are selected industries in Canada; and while I shall not weary the house with giving all the information, I shall pick out some of the items. For instance, in February in the forestry industry there was a drop of 15.2 per cent in February, 1954 as compared with February, 1953. In the boot and shoe industry there was a drop of 7·8 per cent, and in textile products, with the exception of clothing, a drop of 16·5 per cent. In cotton yarns and broad woollen

goods there was a drop of 20.1 per cent, which in synthetic textiles and silks a drop of 13·5 per cent. In agriculture implements the drop was 28·6 per cent while in the construction industry it was 9·7 per cent—and so on, all through a long list.

As we are often told in the house, exports are of the utmost importance to Canada—perhaps more important than in any other country in the world. When our exports drop off a very serious situation develops. In January, 1954 the value of exports was almost 18 per cent below that of January, 1953, and over 15 per cent lower by volume.

This indicates to me, as I am sure it does to anyone else, a very serious situation. We had hoped that there might be something in the budget to encourage industry in Canada. Unless we have industry the unemployment situation certainly cannot improve. We had hoped there would be something to lower the cost of production so that our people in Canada could compete with production from other countries. In the period since the war Canada has been in a favoured position in that she has had an elastic market, a great sellers' market. Other countries such as Germany, France, Holland and Japan were not manufacturing; their factories had been destroyed. But today they are becoming competitors of Canadian manufacturers. In order to compete Canada must give very serious consideration to taxes, particularly a reduction of the sales tax and other help of that kind.

I should like to comment for a short time on a subject which was discussed the other day by one of the members for Halifax (Mr. Balcom) and was also mentioned by one of the members in the other place. It is a subject which has been of some considerable concern in the maritime provinces, although very little has been said about it until recent times. The press in New Brunswick for the last few months has made reference to the public domain that was part of Canada at one time, and which we in the maritime provinces had considered as part of our right, from which we have received no benefits.

The Fredericton *Gleaner* has been carrying articles on this subject for the last few months. As hon. members know, at confederation Ontario, Quebec, New Brunswick and Nova Scotia purchased from the Hudson's Bay Company all the northern lands of this dominion. In 1903 the provinces of Saskatchewan and Alberta were carved out of those lands. At that time neither of those provinces was given its natural resources or public lands. In lieu of that they were given large subsidies.

[Mr. Brooks.]

In subsequent years the boundaries of Manitoba were extended so as to double the size of that province, and this was taken out of lands which, as I say, belonged to the public domain of Canada, to the maritime provinces just as to the other parts of Canada. At a later time the provinces of Quebec and Ontario had their boundaries extended away to the north, enriching those provinces by millions—yes, as it is proving now, probably by billions of dollars.

The maritime provinces, with their circumscribed boundaries, could not be increased, and in no way were compensated for what they had helped to purchase in years past. I should like to read the remarks of some of the outstanding Canadians with reference to this matter. I would turn first to what was said by the Hon. William Pugsley upon the occasion of extending the boundaries of Manitoba. A long debate took place in the House of Commons at that time, one in which not only members from the maritime provinces but those from all parts of Canada took part. As everyone knows, the Hon. William Pugsley was one of the outstanding statesmen of eastern Canada and for a good many years was Sir Wilfrid Laurier's righthand man. He was a constitutional lawyer and an authority on the British North America Act. He had this to say:

> I desire to take the position that these lands do not belong to Manitoba. Those of us who come from the smaller provinces to which no territory can be added, in order to do justice to the people we represent, have to take the ground in the strongest manner possible that neither Manitoba, Ontario, nor Quebec, is entitled to one acre of these lands which are outside the bounds of these respective provinces. These lands formed a part of the Hudson bay territory, they were bought by the original four provinces of Canada, and they paid their hard money for them. While it may be natural and right that they should be added to these provinces, yet if they are to be so added the addition ought to take place upon terms upon which the other provinces have been consulted, and with which they are satisfied.

And later in his speech he says this:

> It is proposed to enlarge the territory of Manitoba. It is proposed to give her $560,000 a year in lieu of public land. On the order paper also we find a proposition to enlarge the provinces of Ontario and Quebec, and to give to them vast tracts of territory which, I say, belong to the whole people of Canada, the people of New Brunswick, Nova Scotia, and Prince Edward Island, as well as to the people of other sections of Canada.

The debate was carried on for some time and Sir Robert Borden, who was then prime minister of the Dominion of Canada, had this to say after dealing with other aspects of the matter:

> I would like to point out to my hon. friend (Mr. Oliver) that one of his own colleagues—

He was referring to Mr. Pugsley.

—on that side of the house has raised an important question this afternoon, and has expressed views with which my hon. friend (Mr. Oliver) may not be inclined to concur; namely, that when this question does come to be considered, some regard will have to be given to the claims of some other provinces in Canada and especially the three maritime provinces whose boundaries have not been increased, whose boundaries cannot very well be increased on account of their natural situation. That is a matter that will have to be taken up in connection with the handing over of their natural resources to the three prairie provinces. I would like my hon. friends from the maritime provinces to understand that that is a matter which has not escaped the attention of the government.

These remarks were made on February 27, 1912, and can be found in *Hansard* at column 3896 of volume II of the report for the 1911-12 session. That is a long time ago and nothing has been done as far as compensating the maritime provinces in that connection from that day to this. The matter was discussed at a provincial conference some time later, and in his memoirs the Hon. A. E. Arsenault, premier of the province of Prince Edward Island, who attended that conference, who later became chief justice of Prince Edward Island and who was recognized for his outstanding legal knowledge, stated that at this conference one of the matters which was discussed was the joint claim of the maritimes for compensation for school lands given to Saskatchewan and Alberta, the railway belt given to British Columbia, as well as for the northlands given to all the other provinces which resulted in a great expansion of their physical boundaries. That was 1913 and the interesting part of his memoirs is a quotation from Sir Lomer Gouin, who was the premier of the province of Quebec and, as we all know, an outstanding Canadian statesman. Mr. Arsenault had this to say.

Once more Sir Lomer made a significant statement.

And this is the statement:

"At the present time," he said, "we do not know whether those lands are an asset or a liability. They are, for the most part, unsurveyed and sparsely populated, and it is going to cost us a lot of money to administer them. However, should they in the future prove to be valuable, then I am of the opinion that the maritime provinces should receive adequate compensation for their interest in them."

That was a statement made by the premier of Quebec at that time. Now, as I said a few moments ago, in those years these lands were not considered to be of any great value but, as hon. members know, these lands today have become fabulously wealthy and are estimated to be of enormous value to the provinces which received them. All kinds of metals, gold, basic minerals, radium, uranium, iron, oil, and gas have been discovered, and the land containing this untold wealth was not considered to be of any great value at that time. But today these sections are some of the richest parts of the Dominion of Canada. Take, for example, the millions of gallons of oil discovered in Alberta and western Canada. Today that oil is being piped to Ontario, Quebec, British Columbia, and other parts of Canada, as well as to the United States.

I would like to point out to this house that while all this oil is being pumped to other parts of Canada and even into the United States not one gallon of this western oil will reach, at least through pipelines, the maritime provinces. The maritime provinces will not benefit to the extent of one gallon of oil. The same can be said of the billions of feet of gas that have been discovered in the great gas fields of western Canada which were in this great public domain, and not one cubic foot of this gas will go to the maritime provinces.

These lands are also rich in water power. We have all read of the great development of hydroelectric power in northern British Columbia, northern Labrador, northern Quebec and northern Ontario, and of that great potential water power found in these regions not one single horsepower will ever come from these areas to the maritime provinces.

In this connection I might also mention the Hudson Bay railway which was built to meet the needs of western farmers. The people of the maritimes helped to pay for this railway which ran to the port of Churchill, they helped to pay for the development of iron ore in Labrador and Quebec and they will help to pay for the development of the St. Lawrence seaway which came more or less as the result of the discovery of iron ore in the Labrador area. The railway which is being built from Seven Islands to these ore fields will also be paid for, in part, by the maritime provinces.

I am attempting to point out to the house, Mr. Speaker, that for all this immense wealth which at one time belonged to the three maritime provinces, as well as to the provinces of Ontario and Quebec, no compensation has been received by our provinces. We have never taken objection to the great development of the rest of Canada, and the maritime provinces have always paid their share.

We helped to pay for these lands; we helped to pay for the Hudson Bay railway; we will help to pay for the St. Lawrence seaway; and we will help to pay for the development of the iron ore in northern Labrador. We will have to pay for all these things, but as the situation stands at present we will not gain one cent as far as benefits are concerned. I see, Mr. Speaker, that you are watching me and I will call it five o'clock.

Mr. Deputy Speaker: I am sorry to interrupt the hon. member, but it being five o'clock the house will now proceed to a consideration of private and public bills.

It having been indicated that there is no business under private and public bills, the house will resume the business previously under consideration.

Mr. Brooks: Mr. Speaker, I do not intend to labour this point any further. However, I might say this. I think this is an illustration of the horse and rabbit trade. It is probably the greatest illustration in the history of this country or that of any other country of the horse and rabbit trade. Since confederation the maritime provinces have been getting the rabbit and the other provinces of Canada have been getting the horse.

Mr. Rowe: Fifty-fifty.

Mr. Brooks: Yes; fifty-fifty. When we discuss a provincial-dominion conference I feel that this is one of the first subjects which should be discussed at such a conference. No matter what some members may think, I have a feeling that there is fairness among all the members from all parts of Canada. I believe that they will agree that the maritime provinces have not received their just dues with regard to western lands and also the lands of northern Quebec and northern Ontario; I refer to the public domain. I believe that in the interest of fairness a dominion-provincial conference will demand that, even at this late date, justice be done to these provinces.

I know it has often been said that we do a great deal of complaining in the maritime provinces. May I say that we have had a great deal to complain about. We are sometimes told to help ourselves. That is always good advice, not only for provinces but for individuals. We in New Brunswick feel that we can help ourselves. We have always been considered to be one of the poorer provinces but, as hon. members know, in recent years we have been fortunate to discover in our province minerals which, in the past, we did not know we had.

We are told that one of the great reasons why we have not developed more industry is that we have not cheap electric power. In order to develop our mineral resources, to attract industry and to develop more industry we must have cheap electric power. The government of New Brunswick have been trying to solve this problem, as have past governments in that province. Today they think they have a solution in the development of more power on the Saint John river by means of a project called the Beechwood project. It is a project which, for full development, will cost a considerable sum of money; it will cost more than the province of New Brunswick can afford. For a partial development, which is being promoted at the present time, the cost will be about $44 million. The development of this hydro-electric power will mean a great deal to the province of New Brunswick. It will probably mean the difference between prosperity and difficult times.

I understand that the government of New Brunswick have approached the federal government, not to ask them to develop the Beechwood project but to ask them for assistance in raising money for the development of hydroelectric power at Beechwood. They have asked the assistance of the federal government by way of making available treasury loans so that they might have a lower nominal rate of interest than they would have if the province of New Brunswick is obliged to borrow the money from outside sources. I do not know what the attitude of the federal government is to this proposition but I think that the proposition that has been made to the federal government is a very fair one. It is one which will mean a great deal to New Brunswick and I hope it will be accepted. It is not one that is going to increase the debt of the dominion. It is not going to mean that the people in other parts of Canada will have to give one cent. The province of New Brunswick will pay its debts. But with the backing of the federal government it can raise money at lower rates of interest than would otherwise be possible, thus making hydroelectric power available to the people of New Brunswick more cheaply than would otherwise be possible. As I say, I hope that this matter will receive serious consideration by this government.

Mr. Clarence Gillis (Cape Breton South): Mr. Speaker, I had intended to sit out this discussion but, as it goes on and on, I feel that I might as well make my contribution also. I first want to compliment the hon. member for Cape Breton North and Victoria (Mr. Buchanan) on his maiden speech. Having regard to the fact that he is a new member, that we have a complicated budget and that we are living in twisted times, I thought that he took a rather realistic view of the whole situation. He did an excellent job. As his next-door neighbour on Cape Breton island I feel it to be my duty to say that I am extremely pleased with his attitude, his manner and his general approach to this problem of the budget. However, Mr. Speaker, I cannot say that I can pay that tribute to every hon. member to whose speech I have listened.

The hon. member for Cape Breton North and Victoria said that, having regard to the times in which we are living, this year was

a good time to take a look around. I think that anyone who is doing any reading at the present time will have to come to that conclusion. I think he will be forced to the conclusion that we are not just faced with a temporary recession and that it is not something that is going to cure itself. The whole thing arises out of faulty mechanics in society. The situation in which we find ourselves indicates that we did not learn much from the last war. In my judgment present circumstances indicate that we are headed back for what we had in 1939 unless some down-to-earth, realistic thinking is done by those in charge of the management of the economy of, not only Canada but of the United States.

I have here in my hand a copy of a magazine called *The Reporter*. It is a United States publication and it is a rather exclusive one. Some fairly good writers contribute to it. The issue I have in my hand is that of March 30, 1954. In it there is an article with the caption "The Recession is Here". It is written by an economist who takes a look at the whole economy of the United States. He runs through, industry by industry, the present inventories, the percentage of drop-offs, the general market trends and all that kind of thing. The conclusion at which he arrives is that as far as the United States is concerned the recession is here. I am not going to read that article because I like to read these things for myself and to summarize them. Anyone who is interested can pick up the magazine and read it for himself. I consider that article to be an authoritative one written by a man who is not grinding any axe. He is merely reading the danger signs as they affect the economy of the United States.

I think anybody who is reading the newspapers will have to agree with me. What is true of the United States is also true of Canada because the economy of this country is so tightly locked to the economy of the United States that anything that happens over there will spill over into Canada. I am sure that any member of the house who takes a look at our basic industries today must agree that basic changes have got to be made. The Leader of the Opposition (Mr. Drew) missed coal and steel but he did talk about the textile and electrical industries and the difficulties that are facing agriculture.

We have heard discussion about picayune savings in government expenditures, but I do not think they would have very much effect. Someone says that you can cut off a few civil servants, stop publishing certain books and save a million and a half dollars. That kind of thing is unrealistic in the type of situation that confronts us today. I have in my hand an editorial from the Halifax *Chronicle-Herald*. It is an excellent paper. I have always considered that it is unbiased, and I think it perhaps makes the best contribution with respect to maritime problems of any newspaper in Canada. You cannot say that an editorial in that paper represents socialist thinking. It is a straight honest attempt to make an honest appraisal of every problem that arises in the country.

Mr. Harris: That is not the opposite of socialism, is it?

Mr. Gillis: I am trying to anticipate the kind of comment I would get from a lot of people in this house if I were to suggest the kind of thing that this editorial suggests. The editorial points out that the federal government payroll at the present time is approximately $80 million a month, and I should like to pound the words of the editorial into the ear of the fellow who wants to save $1,500,000 out of $4½ billion because he thinks he is going to save the country. The editorial deals with the function performed in terms of money by reason of this capital expenditure.

In my judgment the hon. member for Cape Breton North and Victoria was quite right when he said that a period such as the present, when industry and almost all our economic organizations appear to be standing pat and taking a look at things, is not the time to cut government expenditures but is the time to spend more money and prime the pump if you want to avoid a complete slump. The hon. member was quite right, and to hear that kind of opinion expressed on that side of the house is like a breath of fresh air. The editorial in the Halifax *Chronicle-Herald* has this to say:

> Eighty millions a month, $960 million a year, that is a fabulous figure in any language. But it is money distributed in every part of the country. And that is the function of money, to be kept in circulation. Money hidden away in the "old sock" or under a brick of the fireplace is quite as useless as the gold hoarded in Fort Knox which, as Sir Winston Churchill has said, "might just as well be in the virgin rock in the Rand." No sensible person believes that governments should throw money with reckless abandon, but the idea that money spent is money wasted is just about the most fallacious economic doctrine possible to be imagined. We should not therefore be horrified at a public payroll of the magnitude indicated; rather, we should remember that this money, and a great deal more along with it, flows from the federal treasury as part of the bloodstream of trade and commerce and industry, without which no nation could endure.

I bring that to the attention of some of those who are talking at the present time about cutting government expenditures here and there. I do not believe in inefficiency or waste, but until such time as someone is

able to get up in the house and put his finger on some place where there is inefficiency, then in my judgment the saving of money is not argument enough in the circumstances that this country faces today. The more purchasing power in circulation the greater the chances are of avoiding unemployment, which is our big problem at the present time.

I heard a member who sits not very far from me suggest that the construction of the new C.N.R. hotel in Montreal was a terrible thing and should not be undertaken at this time, that it was going to cost $20 million and someone was going to have to pay for it. I heard that matter discussed in the railway committee. The construction of that building in the city of Montreal is necessary. Before the committee the president of the C.N.R. pointed out the fact that in the city of Montreal there is not a hotel with accommodation for the type of conventions that take place today in Canada where 600, 800, 1,000 or 1,500 delegates assemble. He is quite right because I have had the experience of attending one or two conventions where the convention had to be divided, and that does not tend to good business.

The president of the C.N.R. also pointed out that he has applications from organizations all over the United States that will mean that the hotel will be booked solid with conventions for at least two years after it is completed. The project will pay for itself. It is a self-liquidating project. Some people talk as though Canada were through developing. They talk as though we did not need any more population and give the impression that we should just sit tight, put our money in the sock and all that kind of thing. This country is developing and the hotel project in Montreal will help to solve the unemployment problem to some extent in that city.

I heard a lot of other proposals along the same line, but as far as I am concerned not one of them would stand up. In my judgment they do not mean anything.

Mr. Harris: The whole of his speech?

Mr. Gillis: All the recommendations I heard with the exception of a few publications about which he quibbled. I do not know these publications. I do not know what value they have. With that exception I would not say that the economies recommended would amount to very much. I picked out the example of the hotel because it seemed to me that it was a subject to which the speaker had not given very much thought.

Another recommendation I heard was that the annuities administration should be given a going over. That is not a new thing to me. The Minister of Labour (Mr. Gregg), the hon. member for Winnipeg North Centre (Mr. Knowles), myself and others were members of a committee that endeavoured to amend the annuities act not so long ago. The insurance companies from coast to coast put up a terrific lobby and used exactly the same arguments. As far as I am concerned, the annuities act is good legislation. I am sorry it was not amended along the lines of the bill that the Minister of Labour brought in at that time. I am sorry that somebody capitulated to the arguments of the insurance companies. It is the only yardstick we have in Canada by which to measure insurance rates. It was said that it should be put on a competitive basis, but that is exactly what the insurance companies were afraid of. We did want to write in one or two clauses that would make it competitive, but they did not want those clauses. I hope the Minister of Labour will reintroduce that annuities act with the amendments he proposed at that time.

Mr. Knowles: And which the house supported on second reading.

Mr. MacInnis: Not a chance.

Mr. Gillis: I want to tell the Minister of Mines and Technical Surveys (Mr. Prudham) that I am not going to say anything about coal. I am going to save that part of my—

Mr. MacInnis: That is what they are doing with the coal.

Mr. Gillis: —remarks for his estimates, after I hear him tell us what the government is prepared to do as a result of the last conference he had with the industry.

This afternoon I listened with a great deal of interest to the Leader of the Opposition. His speech was my principal reason for rising at this time because he dealt with a subject that is extremely important to the end of the country from which I come, the subject of dominion-provincial agreements. When he referred to unemployment and so forth, whether or not he realized it, he made one of the best cases against the so-called system of free enterprise that I ever heard. In effect what he said about marketing and the breakdown as it were of the whole set-up proved conclusively the inability of industry in this country to compete today. We had a similar situation on our hands from the twenties to 1939 when we got into another war and, to a certain extent, our economy was planned. Then our economy worked well, and even though we were throwing away 50 per cent of our national income there was prosperity and full employment.

When the shooting was over the government removed the controls and returned control to General Motors, Dominion Steel and Coal, Canada Packers, General Electric and the rest of them. Before the trenches were filled in they were sitting back uttering the same old cry; there is unemployment, and we cannot compete. That is the picture the Leader of the Opposition painted this afternoon. I believe he was quite right in the figures he presented. There is no purpose served by the Minister of Labour or anyone else trying to rationalize the question of unemployment. Figures presented by the minister in this house a month or so ago showed that there were about 520,000 unemployed. He told us also that about 56,000 people who were receiving unemployment insurance would not receive any benefits after April 21.

Now, perhaps the Leader of the Opposition brought the figures up to date when he said that according to information he had there were 570,000 on the unemployment insurance rolls. He said that actually there were 730,000 people looking for work. If this latter figure is correct, I would say that there are about 270,000 people in this country who have been removed from the unemployment insurance rolls and therefore have no income. I know that in my own area there were about 1,100 who were removed from the unemployment insurance rolls on April 21. These people have no income at all. Something has to be done about that. My recommendation is not that the government should fire a few civil servants somewhere or cut out a publication; that is not going to solve the problem. Something has to be done immediately.

My suggestion is, and has been, that unemployment insurance benefits should be extended. They should be extended until such time as these people can be put to work. If the government has to subsidize this fund, then that is too bad but people have the right to eat; that is a prior right.

There is another thought I should like to leave with the minister. One hears it everywhere because I think everyone has picked it up today as their swan song. We are told we have priced ourselves out of the market. Wage rates in Canada are too high. There is another side to that story. Perhaps profits in Canada are too high also. If one looks at some of the recent balance sheets published in the press one finds that profits are very high. Before the captains of industry in Canada start telling the workers that $2 or $1.60 an hour is too high, they should look at their own rates. An example should be set.

I have in my hand a paper called *The Guardian*, which is the official organ of local 195 of the auto workers union. This little paper does a good research job. In talking about wages, the Minister of Labour should remember this. General Motors has quite an unemployment problem, both in United States and in Canada. According to this paper the president of General Motors, in 1953, had an income of $637,233; that is a lot of money. It is $368 an hour for the forty-hour week or $6 a minute. I am leaving this thought with the Minister of Labour because he will be meeting delegations of these people who will tell him they cannot compete with Britain; they cannot compete with the mass production methods of the United States, and their only solution will be to pull down the standard of living in Canada by reducing wage rates. Before that argument presented by the top executives in Canada becomes valid, they should start to make readjustments in their own house. I have just given one example of the amount of money that is paid to those who feel the worker who produces that wealth should take a cut every time they get into trouble. I mention that to the minister because I have heard a lot about it recently, and I know he has. It has all come from the same people, the people who are in the $368 an hour bracket. They should put their own house in order first.

Let me say a few words on this question of dominion-provincial agreements. I do not want to pose as an authority on the British North America Act. I want to say that so long as you have the centralization of wealth in Canada, such as you have in Ontario and Quebec, and a centralization of industry that keeps in the two central provinces about 80 per cent of the wealth of Canada, there is no other way by which you can get any amount of equality for the rest of Canada except by having the taxing powers in the hands of the federal government. Then, as the member for Cape Breton North and Victoria said, the federal government can redistribute some of that wealth to the hewers of wood and drawers of water on the prairies and in the maritimes.

I knew this was going to be a pertinent question, so before I went home for Easter I took a look at some of the figures for my own province. I wanted to see where we would be without these dominion-provincial agreements. The argument has been advanced that the provinces are losing something. For twenty years before coming into this house I listened to talk about the amalgamation of corporations being good business. By an amalgamation of corporations across the country and the head offices in the centre of Canada you cut your administrative costs 100 per cent as far as management is concerned, and it is good business. That is what has been going on. We have been taking from

the outlying provinces most of their wealth and putting it into the two central provinces. The taxes are paid there; the succession duties are paid there and so forth.

I know that Nova Scotia was reluctant to come into these dominion-provincial agreements. There are a lot of people in this country who, when you give them a little job and a little bit of authority, insist on holding that, even if it is just presiding over the poverty that exists in the area. I never could get it myself. It is true that Nova Scotia did not want to come into these agreements but our provincial budget this year will be around $48 million. Some $23 million to $25 million of that money will come back under these dominion-provincial agreements. In personal and corporation income taxes we will pay to the federal government around $30 million; but what are we getting back? That is the point. The fact that this dominion-provincial agreement existed is the only reason that we are getting it back.

I took a look at the family allowance payments in that province from 1946 to 1954, during the lifetime of these agreements, and I found that during that period $131,499,280 was paid in family allowances alone in the province of Nova Scotia since the establishment of the dominion-provincial agreements. In the matter of old age security $39,083,367 has been paid. We have received that amount in these two items alone. Then we come to old age assistance, and during that time the federal government has contributed to old age assistance $1,988,733. In the matter of blind allowances, in the three-year period we have received $617,917 in that field alone. From 1947 to 1953 the subventions on the movement of coal amounted to $5,949,000 odd, or $2.40 a ton on the 2,405,767 tons of coal moved during that period.

For vocational assistance in the establishment of schools in the fiscal year ended March 31, 1953, certain amounts were paid by the federal government to the provinces. During that year $63,900.59 went to Nova Scotia. I have the figures for the other provinces but they are not relevant to my discussion. Hon. members can see from that that if it was not for these dominion-provincial agreements where we would fit in that province, and that is equally true of New Brunswick, or much more so, and it is equally true of the prairie provinces, and partially true of British Columbia.

As long as my hon. friends who oppose these dominion-provincial agreements are prepared to maintain the kind of centralization of industry and wealth in these two provinces of Canada that exists, in order for the other provinces to exist there has to be some method of redistributing the wealth of this country in the way that it is now done by the federal government.

The Leader of the Opposition brought up the example of Ontario and their 7 per cent. That is true, but it was done by agreement. As I see the present proposal, it was not done by agreement. The province of Quebec enacted the 15 per cent tax, and after they enacted it they said they wanted it to be used as an offset to the federal tax. Well, that is not agreement. The other nine provinces of this country cannot be wrong. Everybody is not out of step except Duplessis, I hope, in this matter of redistributing the wealth of this country. As one member of this house who lives in a section of Canada that likes to be called Canadian, I am glad that the federal government have taken the position that they are going to maintain the kind of policy in taxation that means the greatest good to the greatest number of Canadians. And as I indicated a moment ago, it is in the best interests of the great majority of the people of this country that these dominion-provincial taxation agreements should be maintained.

I do not say they are perfect, but they are a start, and they are subject to discussion and reason from time to time. I would not see any difficulty in the dominion-provincial agreements, as far as Quebec is concerned, if someone came in, sat down and talked the matter over. That is democracy. The right to agree and to disagree and intelligent compromise will be the final result that is democracy. Anyone who is not prepared to do that is not prepared to accept the mechanics of democracy.

I will join with the hon. member for Cape Breton North and Victoria, and say that anything that I can do as an individual member to see that a system whereby we can at least get something back from the centre is maintained, as it is in the dominion-provincial agreements, I will do.

People should realize that the wealth of industry that they have in the central provinces was taken from the provinces east and west. We lost fifty industries in the province of Nova Scotia in fewer than fifty years, and a lot of them were large industries, to Quebec and Ontario. Most of the high salaries paid in steel and coal in these organizations today, and the dividends, go to Mount Royal in Montreal, and the taxes are paid in the province of Quebec. The only method that I know of whereby we can at least get some payments to enable us to stay in the field of social security is by redistributing the wealth in the way that we are doing at the present time. But the time will come when we will realize that industry in

this country has to be decentralized to a greater extent than it is at the present time.

In summing up the Leader of the Opposition mentioned what the premier of Ontario had to say in regard to the signing of the agreement. He told me at least that what the premier of Ontario was complaining about was the burden imposed on municipalities and service organizations in this province by the indiscriminate laying down in Ontario of industry after industry that they are not prepared to cater to. First, they developed a huge power shortage. It has made it necessary to develop the Niagara falls project. They went around half in darkness during the war to conserve power because of the great centralization of industry in this province of Ontario.

I notice that in the United States today they are being advised by experts to get busy and to start to decentralize their industrial machine in that country, both for economic reasons and as a greater measure of protection in the event of war.

You know, it is a strange thing but the only reports from any corporations I have seen recently that seem to indicate they are getting along all right are the reports from government-owned plants. Everyone else is screaming. Canada's publicly-owned rubber factory, it is pointed out, is a profitable success. I do not need to read what is said about it. But I do say that the government is going to have to make changes along the lines represented by Trans-Canada Air Lines, the Polymer Corporation and Canadian Arsenals, because these organizations are planning their production. Others are not. It is this type of planned organization which must be implemented in the future if we are going to meet competition from outside. We will have to sit down together and realize that not just a few people own Canada but all the people of Canada are shareholders in the future of our country. If adjustments are necessary, then we can make them together.

But I do say it is bad taste for someone who is receiving $6 a minute to tell someone else that he should work for less than $1.60 an hour. That kind of thing is going to bring about what happened in Europe. It will drag the house of cards down around our ears.

I should like to say a word to the Minister of Citizenship and Immigration (Mr. Harris) concerning the unemployment figures we have today. Every second paper one reads contains a story about an increase in immigration. I have here a small clipping which says that 25,000 families are to be admitted to Canada. At one point in Ontario the minister made a statement a couple of months ago that we are going to bring 186,000 immigrants into Canada this year. Well, I would say to him that this is a bad year to be thinking along those lines. As I have said on many occasions in the house, our immigration program lacks planning. No one seems to be taking a look at industry, or at the problems of agriculture, and determining the kind of people we should bring into this country, whether there are homes for them or jobs they can fill. In other words no one seems to be considering the contribution these people must be prepared to make to Canada.

This would be a good time to stop and take a look around. When one looks into this question of immigration he finds that people are saying, "Yes, but there is the humanitarian reason to be considered." Of course there is; I admit that. But let us understand the situation. If we are going to take in 186,000 persons for humanitarian reasons let us be prepared to tax ourselves to feed them. It is not good enough to take them in and drop them in centres already overcrowded so that they will be bidding for jobs against people who have jobs, or for homes when there are no homes available. That is not good enough. If we are taking them in for humanitarian reasons, then let us understand that that is so. But our centres are overcrowded today. The cities in Ontario, Quebec and British Columbia are badly overcrowded. I would strongly urge the Minister of Labour that the first thing that must be done is to put those unemployed persons who have gone off the relief rolls in a position where at least they will be able to take something home to eat.

Until we get around to a point of ironing out the problems of competition we are up against, this fact must be considered. It will not be easy, because the average industrialist wants to make money. If he can take an industry from Canada and transfer it to Africa or Japan or China, or some other country in which he can get cheap labour, and then sell his products in this country, he will do so. It has been done before, and to some extent it is happening today.

We have a serious problem on our hands. So far as my approach to the budget is concerned, I would say it is not a political approach, because my first concern is for the country at large. I am not unmindful of the fact that in two wars thousands upon thousands of our young people offered their lives to see that this country remained fit to live in, and so that we might maintain our institutions as we have them. I would not want to quibble about anything that was good for this country, because I want to see it prosperous.

Having said that, let me add that I notice from the press that our genial Minister of Public Works (Mr. Winters) has been invited to become the skipper of the ship in Nova Scotia. If I had a vote on that, I would vote for it because something is wrong in that province. It needs a good captain at the present time. There is nothing wrong in the province that could not be cured by a little bit of common sense and some honesty. That is one of the things badly needed in public affairs, generally, of this country—a little honesty.

Whether the Hon. Bob Winters is going to Nova Scotia or not remains to be seen. But I would say that under prevailing conditions in the province—steel production is down; 1,700 men have been laid off from the steel plant; we know that the coal industry is in a bad way—I know from my visits there that they are looking around to see what can be done. Of course it is a job for the Liberal party. As I said before, however, I am interested in the welfare of Nova Scotia and of Canada. I am also interested in seeing that anyone who is calling the shots in any section of the country should have some realistic approach, as well as the courage and the necessary honesty to do that which is right rather than that which is politically expedient. I am not going to give the minister any advice; but I do hope Bob Winters will go back down to Nova Scotia. I believe he could make a valuable contribution down there; and I know the people of that province well enough to know this that, despite politics, any approach he would make to the problems of the province would meet with co-operation and assistance, because the people down there want to have something done.

These remarks have been rambling, I realize. My main reason in rising was to make some observations on the dominion-provincial agreements. In my view they represent a long step forward and mean a great deal to the provinces outside of Quebec and Ontario. It means that some of the wealth siphoned off from those provinces can be returned by way of social security payments, as they are at the present time.

(Translation):

Mr. Lucien Cardin (Richelieu-Vercheres): Mr. Speaker, for many years and particularly during these past few months an unfortunate propaganda campaign has been conducted in the province of Quebec to convince the population that the federal government is not only alien to Quebec but moreover hostile towards that province, and that federal legislation aims at nothing but the destruction of the autonomy of Quebec, and the violation of the rights and privileges granted to it by the constitution of the country.

It seems to me, however, that it is only since confederation, since the establishment of a central government that the government of Quebec, the province of Quebec and its population have been able to exercise fully their rights and their freedom. It is also since confederation that the province of Quebec has made tremendous strides in every field, so that it is now one of the greatest and one of the most prosperous in Canada.

It is also since the central government exists that the French Canadians have been able to play with the other citizens of Canada their rightful part in the administration of this country.

There is no need, Mr. Speaker, to spend much time looking through the history book or the pages of daily papers to find the names of French Canadians who have been and are still standing guard over the destinies of the province of Quebec, as well as over the destinies of this country as a whole.

Mr. Speaker, we have had, in the province of Quebec, to find a solution to many difficult questions and thorny problems, but they are now things of the past, and the province of Quebec never lost any of her constitutional rights, and the problem which now besets my fellow citizens in the province of Quebec will go down in history without the position of the province of Quebec undergoing any change whatsoever. Our province will always remain the place where our children will have the freedom and the right to speak the tongue and practise the religion of their forefathers.

There is not one Liberal member from the province of Quebec who would support the government if he thought that our autonomy, our race or our religion were endangered in the slightest degree by the legislation of the present government. We too are French Canadians and we want, as well as anyone else, to keep our language, our rights and our religion, but we would not be justified, for example, in indulging in unwarranted demagogy and sentimentalism, which would be detrimental rather than helpful to the people of the province of Quebec.

When our forefathers decided to establish a confederation, they did so because they saw certain advantages in that set-up and today all the Canadian provinces benefit from social and economic advantages which only confederation can give to each of the provinces. But the advantages also entailed

certain obligations, among them those upon which rests the very constitution of Canada, that is co-operation and understanding between the provincial governments and the central government, without which there can be no confederation, there can be no national unity, there cannot be any nation.

Mr. Speaker, for the people of the province of Quebec, provincial autonomy is extremely precious and sacred, but we should never lose sight of the fact that national unity is also very important. It is only through sincere co-operation between the governments of the provinces and the central government that Canada can take its place among the great nations of the world in order to settle and direct international affairs and at the same time look after the defence, the economy and the social security of each of the provinces that make up Canada.

I believe that we, of the province of Quebec, should be proud that our nation, which was born on the very soil of the province of Quebec, has become in a few short years, a strong, free and sovereign country, as was envisioned by the fathers of confederation.

Mr. Speaker, I believe we should show the same eagerness to safeguard national unity as we have shown to preserve and safeguard provincial autonomy, because as long as the province of Quebec is part and parcel of confederation, its welfare and its interests will be closely related to those of the government of Canada.

Protection of national unity is not tantamount to betrayal of the autonomy of the province of Quebec. These are not incompatible. That idea was well expressed in this house by one whose love for and devotion to the province of Quebec could certainly not be doubted.

I would like to quote in this connection the words spoken by the Hon. P. J. A. Cardin in this house, on November 30, 1944:

> In the evening of my life, from the point of view of age and of parliamentary service, let me through you, Mr. Speaker, and from my place in the House of Commons, address just a word to the citizens of the province of Quebec and ask them, whatever may be their sentiments, whatever be their feelings at the present time, to take things easy, to reflect before acting, and to remember that they are not only citizens of the province of Quebec but at the same time citizens of Canada as a whole, who desire to see their country in the not distant future, and with the will of all concerned, become a great and independent country.
>
> They are as much interested as I am, as much interested as others are in the future of our great land, and they should do all they can to help to build up, on the foundation of confederation, a great and prosperous country, which, with the help of God and the concerted effort of those who are in authority, before long will be a country of which we shall be proud and in which we shall have great honour.

Mr. Speaker, those words apply equally to the present situation. They are as true as they were in 1944, and I submit it would be unworthy on the part of the province of Quebec to want to share in the benefits of confederation without recognizing the heavy responsibilities of the federal government and to deny its co-operation in the solution of an extremely complicated problem which concerns every province in Canada.

Unfortunately, Mr. Speaker, the stand taken by the premier of the province of Quebec can surely be interpreted as being un-co-operative; in fact it has even been aggressive in some instances.

At six o'clock the house took recess.

AFTER RECESS

The house resumed at eight o'clock.

Mr. Cardin: Mr. Speaker, when the house rose, I was saying that it was unfortunate that the attitude of the prime minister of Quebec showed a lack of co-operation and was even, at times, aggressive. In some Quebec circles, the idea seems to prevail that it is still possible to change Quebec into a sovereign state. It seems to me, Mr. Speaker, that one would have to be very shortsighted to wish to secede from our confederation at a time such as the present when all the countries of the world are grouping themselves together in order to repulse the attack of the enemy if it comes and to protect more efficiently their national economy.

All the unrest and the misunderstandings now present in Quebec seem to revolve around the claim made by the premier of Quebec that federal-provincial agreements are directly opposed to provincial autonomy and aim solely at the destruction of the French-Canadian element.

I believe, Mr. Speaker, that it is difficult to justify such accusations because federal-provincial agreements are legal contracts which must and shall be upheld before all courts of justice, especially since the preamble of each of those agreements contains a paragraph which formally guarantees the constitutional rights of the provinces and of the central government. I would like once again, Mr. Speaker, to quote the preamble of the agreements signed between the Cana-

dian government and that of the province of Ontario. In fact I believe the preamble throws so much light on this whole problem of provincial autonomy, that I took the trouble of translating it into French. I now quote the preamble of the agreements between the province of Ontario and the Canadian government:

> Whereas, in view of the desire of the parties hereto to avoid as far as practicable a dual system of direct taxation, the parties hereto have resolved to enter into an agreement designed (a) to establish a more equitable system of taxation throughout Canada by reducing duplication of direct taxation and of machinery for the collection of direct taxes, (b) to give a greater measure of stability to the revenue of the province in order to enable it more adequately to carry out its responsibilities, and (c) to enable Canada, with the co-operation of provincial governments, to carry out fiscal and other national policies intended to maintain high levels of employment and production;
>
> And whereas it is agreed that neither Canada nor the province shall be deemed by reason of having entered into this agreement to have surrendered, abandoned or given over to the other any of the powers, rights, privileges or authorities vested in it under the provisions of the British North America Act, 1867, and any amendments thereto, or otherwise, or to have impaired any of such powers, rights, privileges or authorities;

Mr. Speaker, may I point out here that the agreements offered to the province of Quebec were drafted in exactly the same terms.

Moreover, Mr. Speaker, it would seem difficult to entertain any opinion unfavourable to federal-provincial agreements, if we consider, besides, that these agreements are only to operate for five years and that they are after all only temporary measures made necessary by an urgent problem, as much in the interest of the province of Quebec as in that of Canada as a whole. It is also difficult to understand, Mr. Speaker, why such agreements could have been termed injurious to the autonomy of the provinces, or again why it was thought necessary to refuse benefits accruing from them, since all other provinces in Canada have benefited thereby.

I do not intend to repeat the constitutional and fiscal arguments which were brilliantly set forth by the Minister of Northern Affairs and National Resources (Mr. Lesage) and by the hon. members for Chambly-Rouville (Mr. Pinard), Joliette-L'Assomption-Montcalm (Mr. Breton), Charlevoix (Mr. Maltais) and Bonaventure (Mr. Arsenault). They proved beyond the shadow of a doubt that the federal government had a right equal to that of the province of Quebec to levy a direct tax and that moreover the dominion-provincial agreements brought financial benefits to the province of Quebec.

It would be useless to try to add anything to the brief and lucid statement made by the right hon. Prime Minister (Mr. St. Laurent) in this house yesterday afternoon, when he showed the only stand the federal government could adopt under the circumstances. It would also be useless for me to try to open the doors wider to welcome the province of Quebec than did the right hon. the Prime Minister in order to find a solution which would provide relief for the taxpayers in the province of Quebec.

In spite of the logic of his argument based on rights as much as on facts, the premier of Quebec does not seem to want to understand the position and goes on repeating false accusations to the effect that the federal government wishes to annihilate French Canadians. Well, Mr. Speaker, while this dispute is continuing between the two governments, Quebec taxpayers, who pay more provincial taxes than any other Canadian citizens, must, moreover, unfairly and uselessly bear double taxation caused by the recent introduction of a provincial tax in Quebec. It seems to me that, under the circumstances, the parties involved should consider first and foremost some relief for the Quebec taxpayers and then solve their problem with the calmness, peace and level-headedness that are necessary for the settlement of such an important constitutional issue.

It might perhaps be well, Mr. Speaker, if I briefly recapitulated the facts that have brought about the present situation in the province of Quebec.

1. The country faces a financial problem which no magic formula can solve.

2. Agreements have been proposed to solve that problem and enable the federal government to honour its obligations.

3. When those proposals were made to the provinces, it was understood that if one or more provinces did not wish to sign such agreements, and insisted upon collecting directly from the taxpayers, these taxpayers could deduct 5 per cent of the tax they were supposed to pay to the federal government.

4. The Quebec premier refused to sign such agreements, claiming that they constituted an attack against autonomy. He even refused to take advantage of that 5 per cent deduction, which gave him the right to collect a 5 per cent tax, which since 1948 would have represented $53 million.

5. The premier of Quebec, without consulting the federal government and without any notice whatsoever, imposed a 15 per cent tax on the income of Quebec taxpayers.

6. Once such a tax was established, he asked the federal government to deduct all of that 15 per cent.

The federal government had to refuse the authorization to deduct that 15 per cent tax in the interest of national unity because when the agreements were signed with the other provinces of Canada, it was understood that the taxpayers of provinces that did not sign would be able to deduct 5 per cent of the tax paid to their provincial government. If the federal government had granted the authorization to deduct that 15 per cent tax, the provinces that signed the agreements under those conditions could have protested against such a violation of the terms of the contract. They could have abandoned the agreements and the federal government would have been faced with the same problem that existed prior to the agreements.

Moreover, in doing so the federal government would have endangered national unity in Canada.

In listening to the remarks of the Leader of the Opposition (Mr. Drew) this afternoon, I asked myself whether he was considering that national unity was not a good enough reason to justify the government's attitude in refusing to authorize a deduction greater than 5 per cent, before the federal-provincial agreements signed between the federal government and the nine other Canadian provinces come to an end. I also wondered whether the Leader of the Opposition, if he were responsible for the administration of this country, would have, under these circumstances, taken upon himself to grant a deduction of more than 5 per cent to the province of Quebec.

As things are, and after seriously considering the situation, the federal government could do nothing but refuse the 15 per cent deductibility requested by the government of the province of Quebec. As the tax had already been put into force by the premier of that province, Quebec taxpayers found themselves squeezed between double taxation, without the federal government being able to do anything to help them.

Reviewing those facts, it might be possible to bring redress to the taxpayers who were wronged by the premier of the province of Quebec. Apparently, that 15 per cent tax levied on the personal income of the Quebec taxpayers was intended to yield the amounts needed for health and education, and they claim that the province will derive from that source an additional revenue of approximately $22 million. One can estimate that within three years the province of Quebec will have thus collected about $66 million.

That is why, Mr. Speaker, I suggest there could be an agreement if, on the one hand, the Quebec government were to offer to suspend its new income tax legislation, which it has introduced for a period of three years, that is until 1957, and if, as compensation, the federal government were, upon being formally authorized to do so by the Quebec taxpayers, to grant to that province $53 million, i.e. the amount which could have been deducted from what has been levied from these taxpayers in federal income tax and that the Quebec government could have collected had it imposed a 5 per cent income tax back in 1948.

The provincial government could then, for a period of three years, impose a 5 per cent tax, according to the provisions of the federal income tax legislation, as well as to the terms of the agreements. This would bring to the provincial treasury $14 million. In this way, Mr. Speaker, the province of Quebec would have collected approximately $95 million, that is $29 million more than it would collect by imposing this double taxation.

In that manner the federal government would have respected the spirit and the letter of the terms of the agreements signed with the other provinces.

When the agreements with the other provinces come to an end in 1957, the Quebec government and those of the other provinces of Canada will then be in a position to try to find a permanent solution to the problem we are confronted with today, and that, in the light of the conditions and circumstances then prevailing.

Perhaps I do not see the objections or arguments one can raise against my suggestion, but it seems to me you find there at least the

basis for an honourable compromise which could be accepted by the Quebec government, nor does my suggestion jeopardize national unity and, after all, would afford relief to the taxpayers in the province of Quebec by delivering them of this burden of double taxation. However I cannot help repeating here that such a compromise is much more complicated and still much less advantageous than the signing of the federal-provincial agreements themselves, which do not violate, either, any part of the rights or autonomy of the province of Quebec.

Of course, Mr. Speaker, I shall be accused of betraying my province, my faith and my people. It will be implied that I do not understand the unique position of the province of Quebec within Canada. Some are going to pretend that I do not cherish our autonomy, our faith, or our language as much as our opponents do, but I am satisfied, absolutely satisfied, that it is not by introducing double taxation in the province of Quebec that we shall be able to help our fellow citizens. Neither is it by placing our Quebec industries at a disadvantage that we shall be able to assist the people of Quebec. The refusal to refund 3 per cent interest to those who want to avail themselves of our federal housing legislation will not help our fellow citizens in Quebec to become home owners. It is not by refusing millions of dollars, through hostility to all federal legislation, while weakening the economy of the province of Quebec and posing as a martyr that the premier of Quebec will best serve the people of his province. On the contrary, if our economy is sound and stable, our universities, our technical schools, our colleges, our primary and secondary schools will be in a position not only to survive but also to dispense their science and teaching to a greater number of our young people who, in turn, will take care of the rights, privileges and traditions bequeathed to us by our forefathers.

No, I am neither afraid nor ashamed to uphold the federal-provincial agreements which are neither more nor less than temporary means of getting around a serious and complicated problem and that with a view fully to protecting our national unity.

Now, Mr. Speaker, if the premier of the province of Quebec does not want to sign the agreements, if he does not accept the proposals made here or any other proposals, I hope, in all sincerity, that he will be kind enough, for the sake of the Quebec taxpayers, to offer some alternative to the federal government.

For I am convinced that there is for the province of Quebec a way of escape from the present deadlock in which she finds herself provided that Mr. Duplessis really wants to show his desire to co-operate with the federal government, a desire about which he spoke at such length at federal-provincial conferences.

(Text):

Mr. John Pallett (Peel): Mr. Speaker, I wish to say at the outset I consider it a very real privilege to be allowed to sit in this house in company with some of the greatest statesmen of our time. I regret, as does this whole house, the untimely death of Gordon Graydon which necessitated the by-election which preceded my taking this seat. It is my earnest desire to give my country the same high quality of service that was given by the former member for Peel. It is a privilege extended to few Canadians and, attendant with that privilege, are heavy responsibilities.

It would be remiss of me if I did not on this occasion commend to this house certain matters, and one in particular of great national interest. It seems to me that being one of the newest members of the house I can speak perhaps more as a layman than as a house expert. I, personally, am satisfied that my remarks carry the complete support of my county and I am satisfied they will carry the support of the majority of the people of this country.

Some governments have a political philosophy to the effect that rather than introduce legislation that is farsighted and visionary, or shall we say anticipatory, they would introduce legislation that is forced upon them and carries the momentum of the moment with it. They believe that a sounding of public opinion should first be taken, and on finding the legislation cannot be too dangerous to them politically it will be enacted. Tonight one of the matters that I would commend to your attention has the happy condition of containing both these elements of political philosophy, in that in many areas of Canada the momentum of the moment is behind it, while in other areas anyone taking the necessary steps would be blessed in the future with having been sufficiently farsighted to foretell the hardships which are presently occasioned in some parts of Canada.

We say, and with considerable pride, that nothing is too good for the young people of this country of ours. The government expounds the great advances we are making in our social services. The government expounds the great need to keep our ramparts strong in the military fashion against aggression. We say strongly that there must be equal opportunities for all. There is a situation that applies in Canada at the present time that will have the effect of making these platitudes sounded from a great height seem quite meagre and empty. Both by natural growth and by immigration for the past years the population of this country has been increasing considerably, which after all is a condition not unusual in any country after a war. I point out that the situation that must be dealt with tonight is one of the direct results of the increase in population.

Today across Canada the necessary expansion of school facilities is placing an uncompromising burden on the municipal taxpayer. In the long run this can only result in the curtailment of necessary educational services and the consequent reduction in the standard of education provided. This would indeed be a sorry thing in the lives of young Canadians, especially if the governments of the day stand by and do not seek some method by which our educational tradition can remain at a high level rather than be curtailed by austerity programs that are not in keeping with the other standards of living in this country.

I wish to make it plain that the solution of the educational problem must be arrived at without interfering in any way with the autonomous control of education enjoyed by the provinces. It may be argued that this educational problem is one which should be left to the provinces and not introduced on the floor of this house. On the contrary, today education is a national commodity. A person educated in Prince Edward Island may well work in the city of Toronto, and a person educated in the city of Toronto may well find employment in Victoria. The benefit of the education given in the formative years is enjoyed where the adult locates, and it is for that reason that I say there is a national interest in education. There is more than an interest merely in the standard of education. There is an interest also in the overwhelming burden the municipalities are being asked to share in the post-war expansion.

Everyone agrees that we must have more houses. With the development of more housing we find the demand on the municipalities for more services involving capital outlay. Some of the expenses incurred for these services, such as water and sewers, may be self-retiring in that the revenue will take care of the expenses incurred. However, there is no self-retiring basis for the expansion required in the educational field. Since the minister believes in a balanced budget and a retiring of the capital debt of the country, is it unreasonable to believe that the municipalities desire to do the same thing? It is evident that this philosophy cannot be carried out under the present system at the municipal level, except by curtailing necessary services.

One need only look at the increase in debt structure of the municipalities to appreciate the seriousness of the municipalities' position. I have with me tonight a table showing the municipal debt structure of seven provinces for the years 1949-50 and 1950-51. This table shows the total increase in municipal debt in this two-year period, and is as follows:

	1949	1950	1951	Total Increase
Nova Scotia	$ 32,564,000	$ 38,623,000	$ 46,437,039	$ 14,000,000
New Brunswick	33,523,000	38,054,000	44,917,303	11,000,000
Ontario	364,475,000	435,038,560	538,117,561	174,000,000
Manitoba	54,767,000	60,000,000	77,588,250	13,000,000
Saskatchewan	35,000,000	41,000,000	47,081,265	12,000,000
Alberta	76,000,000	103,000,000	119,463,855	43,000,000
British Columbia	127,000,000	133,000,000	153,147,786	26,000,000
Quebec			549,262,459	
Newfoundland			4,100,573	
				$293,000,000

From personal observation during the years 1951-52 and 1952-53, I would say that the debt increase has been higher during those years. The total municipal debt of this country in the past four years must have increased until it is now very close to $750 million.

This system of financing is quite contrary to the principle of debt retirement so often enunciated by the Minister of Finance (Mr. Abbott). Now, what are the reasons? Surely the municipal administrators are Canadians, as he is, and therefore they have the usual abilities to administer funds. I wonder if perhaps the reason is the decrease in the percentage of the tax revenue which is now allocated to the municipalities. The

percentage of the per capita share of the tax dollar in 1939 was as follows: the federal share was about 40 per cent; the provincial share was about 20 per cent and the municipal share was about 40 per cent. In 1951 the federal share had increased to 71 per cent; the provincial share remained about the same, it had dropped to about 17 per cent, but the municipal share had dropped from 40 per cent of the national share of the tax dollar to 12 per cent. In other words, there was a drop in municipal revenue directly of 28 cents in the dollar.

It was admitted by the provinces and the municipalities that during the war years the federal budget required bumping up to meet the exigencies of the situation and, accordingly, certain concessions were given. It must now be admitted by this house that municipal budgets need bumping up to meet the exigencies of the situation and it is now time for this government to take the steps necessary to effect that.

It may be of interest to this house to know that without one increase in adult population in this country the educational costs will have doubled by the time the children now in grade 1 reach grade 8. In other words, educational costs in this country will have doubled without one increase in adult population in the next seven years.

I know it is not the intention of the members of this house that the educational systems of which we have become so proud shall be allowed, through lack of a few dollars, to become stagnant pools. We know it is the earnest desire of every member to see that the children in this country are properly educated. I believe that some hon. members are a little inclined to pooh-pooh the position of many of the municipalities, and I believe that a careful study by them of the municipal position will cause them to review their previous thoughts and will perhaps move them to take some concrete steps so that the municipalities which so gladly gave to this country when it was required during the war years will receive their just due at this time so they may continue with the proper services to their own residents.

If we accept the premise that there is a continued need for educational services, and if we accept the fact that the municipalities will shortly not be able to deal with it from their present sources of revenue, then the responsibility lies with this government to seek a satisfactory solution to the problem to ensure the future of the young Canada of today.

(Translation):

Mr. Andre Gauthier (Lake St. John): Mr. Speaker, the present debate on the budget assumes an especially great importance for the taxpayers of the province of Quebec and I would like to make today my humble contribution to this discussion.

I intend to put forward tonight some suggestions and opinions which may help find a solution to the ticklish problem recently created by the attitudes which have been taken with respect to provincial income tax. The adoption of definite positions has brought the relations between the federal government and the provincial government to a deadlock.

The taxpayers of Lake St. John district are following the debate on that matter with a great deal of attention and interest and they have a right to know what their representative in Ottawa thinks of it.

Mr. Speaker, the double taxation which applies to 300,000 taxpayers of the province of Quebec has given rise to considerable unrest among our population. I wish to object without delay to a situation which would mean that in the field of personal income tax, the taxpayers of my province would bear a heavier burden than the taxpayers of the other provinces. On the other hand, in his extremely well documented and balanced speech, the Minister of Northern Affairs and National Resources (Mr. Lesage) recently showed that if Ottawa agreed to the 15 per cent exemption claimed by Quebec regarding the provincial tax levied on personal income it might well upset the whole structure of the present fiscal agreements, in fact that such a system of exemption would upset the whole Canadian economy.

I am opposed to having Quebec taxpayers pay 10 per cent more income tax than the citizens of the other Canadian provinces. All responsible Canadian citizens should make it a point to study this situation and find a solution if possible.

Mr. Speaker, I believe it is appropriate to make an analysis of the circumstances and reasons that have brought about present conditions. I do not want to try to interpret the intentions of the fathers of confederation, that is to ask myself whether they were centralizers or autonomists.

I am satisfied that none of the fathers of confederation could humanly foresee the present situation. At that time no one could foresee the stupendous development that would come about in Canada during the twentieth century.

In the 87 years that have elapsed since the act of confederation, Canada, which was a colony in 1867, has now attained its full independence.

In the past 40 years we have very generously done our share in two world wars.

Then, as a free and sovereign nation we have committed ourselves to heavy obligations, to safeguard democratic freedoms, through membership in the United Nations Organization and the North Atlantic Treaty Organization.

We have gone even further; we are taking part in the Colombo plan, which has cost us $25 million each year so far. Through the Colombo plan we are helping the nations of southeast Asia to attain economic stability, we are relieving the hunger of millions of Asian people, who ask nothing better than to stay free, to prosper in peace and, above all, to stay outside the communist sphere of influence.

Everyone knows that communism prospers where there is starvation and poverty; it intensifies its propaganda when harvests are bad, when people are starving, in Asia more than anywhere else perhaps. The Colombo plan is a humanitarian undertaking which promotes freedom and constitutes a means to curb communist and atheistic dictatorship.

Those generous policies taken by the federal government were approved by the Canadian people; so were the extraordinary expenses that Canada had to incur as a contribution to the defence of the free world against the constant communist threat whether in Korea, in Europe or elsewhere. The high cost of social security in Canada was requested, obtained and approved by the Canadian voter. The Liberal party was only yielding to popular demand, when it undertook, during the past quarter century, to set up the whole system of social security.

But, Mr. Speaker, this assistance to family, national health, old people, unemployed, veterans and so on, entails for the central government and the taxpayer an enormous burden of responsibilities which must always be discharged.

Some people see in this controversy between Quebec and Ottawa nothing but a political issue; but it appears to me basically as a problem which must be viewed in turn under its constitutional, ethnical, social and economic facets.

We should not allow the political aspect of this matter, acute though it may be at this time, to obscure the rest.

I will return later to that part of my remarks but, for the moment, I would like to say a few words about the Quebec aspect of this situation.

Because of its racial characteristics, because of its religion, which differs from that of most Canadians, because of its own peculiar school system, through which it has been able to jealously guard its French language, Quebec has always looked upon its part in confederation from a point of view unlike that of the other provinces.

These may, without undue difficulty, accept an exchange in federal-provincial jurisdictions. Quebec, so far, has refused to enter into an agreement similar to that accepted by the other provinces.

The people of Quebec hold pretty generally to the theory that the government of that province must stand very close watch over its sources of tax revenue so as to be in a position to discharge the obligations imposed upon it by its own peculiar ethnical characteristics, notably in matters of education and health.

One can approve or disapprove that theory, but to be realistic and honest, it must be admitted that in the quest of a solution to the present deadlock, that point of view must be taken into account.

Ottawa and Quebec have already concluded agreements and there is no reason why those two governments should not try to open discussions on new topics such as income tax, for instance.

It is obvious that during those conferences it will be necessary to take into account federal obligations in the field of social security, among other factors.

In 1952 all provincial governments, including that of Quebec, agreed to amend the constitution to allow the implementation of old age security. This measure burdened the federal treasury with an annual expenditure of nearly $400 million.

The importance of federal leadership and policies in case of a depression having previously been stated by experts, I shall not linger on this point. It is, for instance, a well known fact that, should inflation become somewhat acute, the federal government may alone apply the brakes by controlling prices, credit, and so on.

From a constitutional point of view, articles 91 and 92 of the constitution are very explicit, and I cannot subscribe to the proposition that the provinces have priority in matters of direct taxation. The rights of each government, federal or provincial, are unquestionably equal and parallel.

The position is this: both governments have concurrent jurisdiction in matters of direct taxation. Some consultation is necessary to discuss and determine, with the help of financial experts, the normal limit to which the taxpayer may be called upon to pay without

creating chaos in the people's economy. The normal point of saturation for personal income taxes could be set at 100 per cent. Direct taxation, that is corporation and individual income tax, succession duties and so on could be re-examined at the same time.

Federal and provincial experts, having determined, after a study of these questions, the needs in each field, federal and provincial, the allotment of direct taxation could perhaps be considered so that there should never again be any duplication or double taxation.

Federal-provincial agreements are such a new and recent institution that it is impossible for all means of respectable understanding and compromise, acceptable to all concerned while safeguarding the autonomy of the provinces, to have been exhausted. Formulas will come out of intergovernmental discussions, provided that such discussions take place in a friendly and creative spirit.

As it can be foreseen that considerable time will elapse before a final and permanent solution is arrived at in the taxation field, I would like to suggest a provisional and temporary solution.

Last year, the federal government granted to Quebec corporations a tax exemption of 7 per cent in view of the fact that Quebec had not signed any fiscal agreement.

It seems to me that the federal government could take into consideration the proposal that a similar 7 per cent deduction be granted to individual taxpayers, with respect to their provincial income tax.

Such a decision would mean that the provincial government would collect about the same amount it will raise through the imposition of 15 per cent tax, under the present law.

To achieve such a result all of the 700,000 taxpayers in Quebec, who pay their taxes to Ottawa, would have to contribute 7 per cent of their tax to the province of Quebec.

That solution would mean the same amount for Quebec but it would mean especially that the taxpayers in Quebec would not be aware of that provincial tax since it would be fully deducted by the federal government, as in the case of corporations established in Quebec.

It seems that such a temporary agreement would raise both governments in the opinion of the Canadian public.

While those temporary agreements were in force, discussions could very well be held for the purpose of finding a permanent solution to that ticklish problem.

And the Quebec taxpayers would not be prejudiced in the least. They would be in the same position as the taxpayers of the other provinces.

[Mr. Gauthier (Lake St. John).]

Mr. Speaker, I have deliberately refrained from quoting the fathers of confederation and those who have presided over the destinies of our country since then. I have much respect for those who drafted the constitution of 1867, but I believe that our present problem must be settled by our own statesmen, in the light of present conditions.

Owing to the enlightened patriotism of the Prime Minister (Mr. St. Laurent), his sound judgment and foresight, I am confident that the problem that has arisen as a result of the new provincial income tax act will soon be settled.

Mr. Speaker, I wanted to voice my opinion in this debate, but above all to plead the cause of the taxpayers of Lake St. John and of the province of Quebec as a whole.

The Saguenay-Lake St. John district has witnessed in recent years a truly extraordinary economic development as a result of its varied and numerous resources, and more particularly of its powerful hydraulic resources. The prosperous district of Chibougamau, which was a source of envy for the Abitibi and Lake St. John districts, can now be reached from either of them since the government has decided to build a railroad between St. Felicien and Chibougamau and from there to Beattyville.

The Liberal party, which was responsible for the industrial expansion of Lake St. John district in the past, deserves once again the gratitude of the whole Saguenay population for the sound decision which it has just taken, giving new impetus to such a stupendous development.

I would not like to resume my seat without extending special thanks to the right hon. the Prime Minister (Mr. St. Laurent). The people of Lake St. John district want me to recognize, on their behalf, the part he played in bringing about this sound decision taken by the government.

Since I came here, I have advocated on three different occasions the construction of this railroad. Again last year, on March 2, 1953, it was my privilege to conduct and introduce a delegation from the Saguenay industrial development council to the Minister of Transport (Mr. Chevrier). Needless to say how happy I was to hear about that decision, which will be particularly beneficial to the constituency of my hon. friend, the member for Roberval, but which will have a substantial effect, from an economical standpoint, over the whole Saguenay-Lake St.

John district, and therefore, over the constituency which I have the honour of representing in this house.

(Text):

Mr. G. W. Montgomery (Victoria-Carleton): Mr. Speaker, it is not my desire to take very much time in this debate. While I have not had the privilege of listening to many of the hon. members who have spoken, I have heard quite a few of them in the last few days and have found the speeches most interesting.

I do not think I would have taken part at all had it not been for a situation which seems to have been coming to a head in my own constituency, and apparently is reaching a point where it is serious. Most certainly I agree with other hon. members from the maritime provinces who have spoken. Invariably they have agreed that those of us in the maritimes do suffer disadvantages from which people in the rest of Canada do not seem to have to suffer. The Minister of Finance (Mr. Abbott) has presented a rather prosperous picture in his budget. I imagine that almost everything has been said by way of general criticism, and also many speeches have been made supporting the minister's budget.

It would seem to me, from what I have read in *Hansard* and from what I have heard people say outside the House of Commons, that we appear to be running into a great deal of difficulty and, for such a prosperous country, there seem to be many trouble spots. We must realize that while there may be prosperity in some parts of the country there are many other places where there is a high degree of unemployment and where the people are having a difficult time. I think it is time this government along with others faced up to this situation. Before dealing with the subject about which I wish to speak I would like to quote a few words from the statement by the Minister of Finance as reported at page 3723 of *Hansard* where, referring I presume to the past year, he stated:

> In the economic sphere, 1953 has been a much better year. Industrial and agricultural production in almost all countries has continued to expand, and consumption has risen.

Last Friday the Minister of Agriculture (Mr. Gardiner) said, as reported at page 4285 of *Hansard:*

> I think, to state it mildly, that agriculture is in a better condition today throughout the Dominion of Canada than it has been at any other period in my experience. And when I say that, I do not mean only my experience in the government, but I mean as well my experience in farming. I think farmers all realize that they are in a better position today than they have been at any other time.

I am not disputing that from the government's standpoint in Ottawa and in studying tables of statistics covering the entire country that might well be a fair statement to make, but each of us who sees the picture as it regards our own constituency and the surrounding area has a very different perspective. We see the situation as it actually exists, and, as I pointed out before in this house, as it can be seen on the ground. From that point of view the government's outlook seems to be rather exaggerated, particularly when you compare their view with the situation as you know it and when you are familiar with the existing conditions.

Tonight I wish to spend a few minutes in dealing with the economy of my own constituency and the surrounding area in New Brunswick. The chief industry in that area happens to be potato farming. Very few people talk about potatoes in this house. I imagine there are other hon. members who could discuss this topic but most of them are on the government side of the house and I presume they are quite happy with the situation as they find it. However, I cannot say that for my own part because my people are not very happy at the moment. I believe the Minister of Labour (Mr. Gregg) and the Minister of Agriculture will agree with me when I suggest that they are probably in receipt of a large number of telegrams from people in my area and the surrounding countryside.

I am not going to read the telegrams which I have received in regard to this matter but I would like to state briefly the substance of one of them which I think will give this house an idea of the seriousness of the situation. This telegram comes from a group of potato farmers who are organized into what is called the federation of agriculture for Victoria county. Organizations such as this have been established in several counties. However, the telegram to which I have referred states that some 4,000 cars have been shipped and about 3,000 more remain to be shipped with no assurance from the marketing board that they will be handled. This telegram states that the remaining potatoes are deteriorating rapidly and will soon become unsaleable and that because of such deterioration the farmers in that area may be ruined financially. A large percentage of the farmers will be unable to plant another crop and some are now planning to get rid of their stock and machinery if possible and go out into the labour market and look for work.

After setting out these facts the organization winds up by asking that the dominion government through the Minister of Agriculture consider doing something to keep these farmers on the land so that they will be in a position to put in another crop.

That is the sum and substance of the situation, stated briefly. However, I would like to enlarge on that. I stated a few minutes ago that I did not dispute the fact that the cash income of farmers in Canada was greater last year than it was previously, but we are now in 1954 and the consumption of agricultural products is apparently diminishing because many people are unemployed and during this winter a great many people have been forced to live on a restricted income. It therefore has not been possible for them to eat as well as they normally would and that factor must be taken into consideration.

The Minister of Agriculture stated that cash income had doubled from something like $4,987 million during 1943 to 1945 to about $8,200 million during, I think he said, 1951 to 1953. I would have liked the minister to carry that calculation a step further and point out that while that cash income has increased the farmers' expenses have also increased. Had he done that I think it would have been demonstrated that the net result to the farmer in 1953 was that he was no better off than in 1943. They were certainly handling more money but they were not making any more. In other words, they could not put any money away, the only difference being that last year most of them put in another crop.

Last fall the New Brunswick potato farmers, following the lead of the farmers of Prince Edward Island, waited on this government and induced them to put a floor price on their potatoes, and that floor price—I think that is the way in which to state it—guaranteed a certain price. I thought that was quite a good idea and I still think so, particularly if the scheme was properly handled, but when the government undertook to do that they had to insist on the potatoes being handled by an agency, which is quite proper, and they were handled through what is called the marketing board.

But apparently there is a lot of confusion as to whether that board has been a success. During the few days which I spent at home during the Easter recess I met quite a number of farmers who came into my town and some were quite happy about the way in which the board had handled things because they had got rid of the potatoes and they were now in a position to go ahead and put in another crop. But I must confess there were just as many farmers who had not sold any potatoes as yet and they did not speak very highly about the way in which the board had handled the situation. I believe there is a great deal of truth in that because I am informed that someone in the department insisted that the board handle this potato business in a more equitable manner. If that is so I congratulate the officials of the department for keeping on the job. Since they started the quota there has been some improvement in the situation but unfortunately it was too late in the season in the case of those farmers who are still holding potatoes.

Three thousand cars of potatoes from the last week in April until the end of the season represent a large quantity of potatoes. These farmers are, as you may say, getting panicky. I know that many of the officials feel that these potatoes will be handled between now and the end of the season, but there is no assurance of that outcome. That is why these farmers are getting panicky. It is coming right now to the time when they should be starting new crops. A lot of these men are equipped to grow only potatoes. It is a potato area; it is potato land. They have the equipment for potatoes and they cannot easily switch to anything else. They seem to be faced with one of two situations: either to try to get credit to put in another crop, hoping that next year will be a good year—and about one in three or four usually is—or to sell their equipment and go out and try to get work on the labour market. I say that is an unfortunate situation.

I understand that the Minister of Agriculture also has received pleas from some of the municipalities. I can understand that. While I was in my own municipality, at Easter, as I still have a connection with the council I was called in in consultation with regard to loans. The county which is my own municipality is not what you would call a poor municipality. Its credit has been good. It is one of the good farming areas in New Brunswick. But I should like to point out this fact for the benefit of the members of this government who have been asked to give consideration to these pleas. The loans in the said municipality of Carleton are 100 per cent higher today—or they were when I was home—than they have ever been in the history of the county, even in the darkest days of the depression. The bank has been asked to get extra authority from its head office in order to make further loans to carry on until the end of June. If the farmers cannot carry on, they cannot pay their accounts.

A few minutes ago my hon. friend was speaking about the responsibility of municipal governments and the load of taxation. I should just like to confirm what he said from my own experience in my own municipality. Unless things pick up with regard to potatoes—and they are about the only

thing out of which the people in my constituency are able to get money—and the accounts are settled up before August 1, a good many schools in my municipality will not open because I do not think you can expect the school teachers to go in and teach school unless they are sure of their pay. I am sorry to say this, and I am not crying blue ruin. However, I have enough experience to know how much money it takes in that municipality to run the schools, and I know that enough taxes will not be paid in by the first of September to keep all the schools going.

I am stating these facts, Mr. Speaker, and I have taken the floor to review this situation in order to impress it upon the government and upon our own minister from New Brunswick; I refer to the Minister of Labour. I think he understands the situation fairly well. While hon. members from other parts of Canada may say that you are subsidizing potatoes from New Brunswick and Prince Edward Island, I think it is important that you consider going a step further this spring and consider doing something for these farmers who have not been able to get rid of their potatoes or who will not be able to do so, in order to put them in the same position as are those who got rid of their potatoes.

Here is my reason for saying that. When you gave the guarantee last fall to the farmers through the marketing board you assumed some responsibility at least in so far as the farmers are concerned. I feel that you assumed a moral responsibility to see that every farmer who wished to sell his potatoes was treated fairly and equitably. I say that for this reason. The minute the board took over under this government's guarantee the dealers had no choice of free selling. The board bought the potatoes and controlled the orders. You took the competition—if you like to put it that way—away from the dealers. In other years when the market has been free and open and private enterprise has been handling the crop it has always been disposed of and the farmers never became panicky as they have this spring.

I am not saying that the board is not going to be able to dispose of this crop. I am not here criticizing that marketing board. When the board started operations last fall I lent it what little support I could among my constituents. I have stood behind it, and I still hope it turns out to be good. But this is what I want to impress upon this government and the members of it. These people are up against a serious situation and they do not feel like waiting to see whether the board is going to be able to take this stock. They are looking to you for some guarantee that the board will be able to handle it and that if the board falls down on handling it you will come to their rescue.

I say that for this reason, and I wish to repeat it. Had the board handled this whole transaction in an equitable manner, every farmer would have got rid of a certain percentage or all of his potatoes and if some potatoes were left in the cellars or the storehouses of farmers, every farmer would have been treated in the same manner. They would all have some, and then there would have been no kick. But when one man who has 3,000 to 4,000 barrels of potatoes to sell is allowed to get rid of them and another man, maybe his neighbour, who has 2,000 to 3,000 barrels of potatoes to sell has not sold them and has no prospects right away of selling them, that situation does not seem to be fair and equitable. That was the way, up until May 1, that the situation was lining up, as far as I can understand it. That is the reason there have been so many telegrams coming to the government or at least that is why the assistance is being asked for by the farmers for the balance of this season.

I do not think it is necessary for me to dwell any longer on this matter. I know that the potato business is full of rumours. No doubt the department here in Ottawa has heard all sorts of stories. No doubt you may think that some of these telegrams contain exaggerated statements. However, I know that the potato business is a tricky business. On behalf of these people in my constituency back home I want to impress upon hon. members the fact that unless they get a chance to get credit in order to put in another crop, a great many of them are going to be in just the situation described in one of the telegrams. They are going to be on the road. They are going to be out looking for a job in the labour market; and goodness knows there are not too many jobs available in the labour market. In these times no farmer should be forced to sell his machinery, to leave his farm or to go out and leave it unworked in order to make a living. I do not think that is good business. I say that this government is morally responsible because of the fact that they entered into an agreement with the marketing board.

I think you should have gone a step further and insisted that the marketing board treat all farmers alike. If you had done so, I do not think the farmers would have had any kick. But now you should do the best you can and give some direction to the board that they must handle all these potatoes in one way or another so that all farmers will

be able to get rid of their potatoes and will be treated alike. If it does not work out satisfactorily then you can decide whether you want to carry on another year. I hope that the marketing board will become a successful institution. However, there is one thing against it. It takes away from the dealers the competition of selling and it may not turn out to be as good as we had hoped it would.

I think the Minister of Labour is going to hear more about it from the people in Victoria county, if he has not already, and also the Minister of Agriculture. I impress upon the government the necessity of doing something for these people because I feel that the government went into it in good faith and really led the farmers to believe in it. I am glad to see that the Minister of Agriculture has entered the house. I wish he had been here a few minutes ago, but he can read what I said. It was not very much. In part I was praising him for what he did and in part I was criticizing him for not insisting that the board do equitable work. I do not think you had to do it, but I do think that if you had taken hold of the allotment of orders sooner we would not have been in the position we are today.

I hope that the board will prove to be a success, but in order to make it a success I think the government has to give serious consideration to some of these pleas. As I said a few minutes ago, while you may feel that some of these statements are exaggerated, I know all about the potato business and I am afraid there is more truth in them than I like to believe. I happen to know that the loans of municipalities in this constituency have reached serious proportions. If there is anything you can do to give assurance to these people, get them out of their panicky condition and carry them through this season I am sure they will appreciate it.

(Translation):

Mr. Gustave Roy (Labelle): Mr. Speaker, since this is the first time I have an opportunity to speak in this house, I would not like to depart from that excellent custom which would have me join every member of this house in congratulating Mr. Speaker (Mr. Beaudoin) and yourself, Mr. Deputy Speaker, upon your elevation to your present high posts and upon the dignity and competence brought by you to the discharge of your duties.

You will no doubt allow me to continue in this vein and to congratulate also the new ministers and parliamentary assistants, and more particularly the hon. Minister of Northern Affairs and National Resources (Mr. Lesage) and the member for Levis (Mr. Bourget), parliamentary assistant to the Minister of Public Works.

Mr. Speaker, from the few observations I have been able to make on the proceedings of this house, I have concluded that hon. members take advantage of two debates to say a few words on the importance of their constituencies: the debate on the address in reply to the speech from the throne, and the budget debate.

My riding is especially known because it sent to this house two great parliamentarians, two outstanding political figures, two great Canadians and two great autonomists. The first one, a father of confederation, Louis Joseph Papineau, and the second, an uncompromising advocate of the rights granted by this very confederation, Henri Bourassa.

A fervent patriot, a sincere and honest autonomist, Henri Bourassa, that great French Canadian political figure, left in the minds of my constituents, whom he worthily represented for several years, a political spiritual heritage they will preserve for a long time through future generations. Surely if Henri Bourassa were today at this desk, he would express all his satisfaction with the accomplishments which have resulted from ideas he suggested and vigorously advocated a quarter of a century ago. In all his independence, he would congratulate with me the present government for having implemented almost all along the line, in less than twenty years, the ideals he advocated; for having such ideals, suggested and debated hardly thirty years ago, they called him a utopian, a dreamer, and considered him unbalanced.

He would be proud and happy today to commend the St. Laurent government for the repatriation of the constitution, for the appointment of a Canadian governor general, for bringing about our complete independence from foreign ties, for the achievement of this great national unity prevailing among all Canadians. He would rejoice with me to see that an almost complete national unity may soon bring about the acceptance of a purely Canadian flag, the proclamation of a single national anthem, O Canada, and the early appointment of an ambassador to the Vatican.

But I wonder, these days, what Henri Bourassa would think of federal-provincial relations and of the thorny problem raised by the Quebec government with regard to

provincial rights to direct taxation and their corollary, the deduction of the provincial income tax from the federal tax.

No doubt, this question seems to give rise to an issue that is difficult to solve, and since both governments concerned, i.e. the governments in Ottawa and Quebec, seem to have the same rights, I think my illustrious predecessor would dare suggest to the Ottawa government that it should again, under the circumstances, make the first conciliating gesture, in order to find a point of agreement and bring about tangible and profitable results for the Quebec taxpayer as well as for the national and provincial Liberal party.

Mr. Speaker, with the exception of this last controversy, it seems that this budget has not generated too much deception or too much enthusiasm and that, generally speaking, the Canadian people recognize obligingly enough that Canada has had, for several years, an excellent finance minister (Mr. Abbott). We have therefore some reason to share once again the optimism reflected in this last budget.

However, may I suggest to the Minister of Finance to restrain his overenthusiastic advisers who propose to levy a tax on mutual fire insurance companies. In my riding, there are a few of these mutual companies which have every reason to complain and to try to prevent this unjust and unfortunate measure proposed by the Minister of Finance, since the carrying out of the sixth budget resolution would have disastrous consequences for the farmers of my constituency. And I am sure that if the Minister of Finance, with the help of the appropriate experts, goes to the bottom of the question, he will easily discover that these mutual societies are nothing but co-operative enterprises which have nothing to do whatsoever with the insurance business. They are no more than organized charity institutions. They are not looking for profits; on the contrary they involve the collective responsibility of their members. The fact that in some provinces, these mutual organizations have become profit-minded corporations is proof of the generalization of this transformation. If it is right to tax the first group, there must be some way to do it without annoying in any way those of us who remained faithful to the spirit which inspired their foundation.

Mr. Speaker, may I be permitted to suggest to the Minister of Agriculture (Mr. Gardiner) that the Farm Improvement Loans Act be amended or that those entrusted with its administration be made to pay less attention to red tape and show more interest in the excellent principles upon which the measure is based, so that the farmers from Quebec, and those of my riding in particular, may be able to benefit in greater numbers therefrom.

Mr. Speaker, the three main sources of revenue in my riding are agriculture, timber and the tourist trade. Because of the fluctuations of our markets and of the international situation, our agriculture is more or less stable, and our lumbering operations leave our forest workers all the time in a state of anxiety and insecurity.

Those two industries have to rely on a third one, the tourist trade, to balance their budget.

Sometime ago I read in an American sports and tourist magazine an article by an economist who stated that if Canada, and more particularly the province of Quebec, earmarked 50 per cent of its budget for the organization of the tourist trade in the vast areas so richly endowed by nature, in ten years the revenue from the tourist trade would double their annual budget and permit them to do away with most taxes, and more particularly with the 15 per cent income tax.

Before the war, and during the economic depression in Canada, the various governmental organizations in Ottawa had put forward several suggestions and projects to build up that profitable tourist trade. Billions of dollars are within our reach; we only have to extend the hand to get them. In my constituency, we have been endowed with natural beauties and advantages and we are only awaiting the funds which the government may decide to earmark for the organization and development of that trade, which would increase the standard of living of my constituents and make them prosperous, while paying dividends that would greatly compensate the government for its investment. Moreover, the expansion of the tourist trade would solve the unemployment problem which, in my constituency, is sufficiently serious to entail material and moral consequences, which the government should remedy.

Naturally those disturbances make themselves felt in various ways on our human resources and more particularly by a decline of health standards. I take pleasure in congratulating the government and the Minister of National Health and Welfare (Mr. Martin)

for the progress made in the field of national health, but I always find it strange that a nation which spends two billions yearly for destructive purposes still has such a high rate of mortality, so many handicapped, so many people who suffer through lack of appropriate medical care because they cannot afford it.

Mr. Speaker, I ask the government whether the time might not be ripe to set up a compulsory health insurance scheme for that large number of Canadians who cannot afford to be sick.

Health insurance could be set up by stages, adding, one after the other, the various categories of medical needs, starting however with medical and hospitalization costs in the obstetric and pediatric group, according to age and severity of illness.

Mr. Speaker, in the same line of thought, I congratulate the government, which will introduce a measure granting assistance to the disabled, adding another stone to the structure of our generous social security system and bringing our country a step closer to the social and economic objectives which consist in the elimination of inequalities in the distribution of revenue, thus ensuring a means of livelihood to vast categories of people.

Mr. Speaker, I would like to say in concluding my remarks that as long as Canada will be under this administration which has been in power for the last twenty years, all Canadians may have faith in their country, in its development, as well as in its wealth and continued prosperity.

Mr. Raoul Poulin (Beauce): Mr. Speaker, before the debate on the main motion is brought to a close, I would like to say a word on the budget resolutions introduced here on April 6 last, and more particularly on resolution No. 6, which is of interest to me since it is suggested that the surplus of mutual fire insurance companies be liable to taxation as though they were ordinary business concerns.

Of course, much could be made of the peculiar situation brought about in this respect by a judgment of the Supreme Court of Canada, which decided, in 1953, in a test case, that the Department of National Revenue, according to the terms of the Income Tax Act, had no right to levy taxes on that type of company. Following that judgment, which was only an interpretation of the law, the government have, on second thought, undertaken to change the act, to tighten its mesh, so to speak, in order to entrap certain groups of taxpayers who, so far, had got away scot free.

This change, if it is passed by the house, will oblige mutual fire insurance companies to pay taxes on the amounts paid in by the members to make up a reserve in order to face disastrous conditions which will certainly come about sooner or later.

I see two vital differences between the position of mutual insurance corporations and that of capital stock fire insurance corporations. First of all, what is taxed in the case of ordinary insurance companies are real profits, and the most apparent effect of the tax in this case is that the shareholders and not necessarily the policyholders will receive lesser profits, less substantial dividends, and premiums will not be necessarily increased. On the contrary, in the case of mutual insurance corporations, it is no longer profits which are being taxed, but rather expenses: it is the policyholders' premiums and these, of necessity, will have to be increased.

As a matter of fact, the amounts which make up the reserve and which would be taxable, under resolution 6, come only from the premiums paid in by the policyholders, and those premiums are collected in order to pay strictly administrative costs in addition to compensations allowed the policyholders in case of fire.

It is impossible to find in all this anything in the nature of a profit. This is a protection sold at cost, and how can one make a profit when one sells at cost?

I may be asked: if there is no profit, how can there be an accumulated reserve fund? This reserve fund is only meant to facilitate operations.

In principle, each member of a mutual company has, in case of a fire, to pay his share to compensate the victim of disaster. It is understandable that the larger the number of members, the slower and more expensive the operation of collecting contributions. In order to take care of this situation, the premium is collected once or twice a year. In other words, the member is made to pay his quota, or mutual contributions, in advance, instead of having to pay it at the time the disaster happens.

As the contribution is solely used for the compensation of disaster victims, and not for paying out profits to the shareholders, it is necessary to wait for a fire to happen before using it. That is why the amounts are put aside and accumulated for the bad days, and are called a reserve fund. Where is the profit item in all this?

Secondly, in the case of mutual companies, the eventual amount of compensation to be paid is difficult to determine in advance, since the company must base its calculations on a relatively limited number of members. Thus, the 309 mutual companies of the province of Quebec have an average of a little less than 300 members each. Capital stock companies, on the other hand, can rely on an infinitely wider membership. In this case it becomes easy to determine probable standards which will deviate but little from the line generally followed by the number of disasters. And it is exactly for that reason that those large companies have a reserve fund, the amount of which varies very little from year to year while, often enough, the so-called reserve of the mutual companies may be seen to melt suddenly—which would truly be the case—in a fire of major proportions.

Does the government want the farmers to go back to the old method of passing the hat every time one of them is hit by a fire? No doubt, that practice led to splendid demonstrations of a sometimes extraordinary sense of devotion. In fact, this practice is fortunately still in existence in many localities. However, one must not forget that things have changed since those heroic times. Our farmers have grouped themselves into organizations, the same way our workers did, by the way, and it would be unfair, I believe, to penalize them for doing so by taxing the manner in which, in a modern way, they have put to use their good old spirit of mutual aid and of mutual support.

Moreover why should mutual companies dealing with fire insurance be treated in a different manner from mutual companies dealing with life insurance?

During the last few days I have received letters, telegrams or resolutions in which eleven or twelve mutual organizations established in my riding of Beauce voiced their protests. Also, last week end, I had a visit, at home, from the official delegates of three or four other companies who expressed verbally their opposition to the project.

All told, 15 or 16 such mutual societies in Beauce county have officially protested against the government's intention to tax them. I therefore pass on very humbly to the house these protests and I beg the government not to give effect to the project embodied in the sixth resolution of the present budget.

(Text):

Mr. Thomas M. Bell (Saint John-Albert): Mr. Speaker, three questions come to my mind in considering the budget from the maritime point of view. They are prompted by the Minister of Finance's cheerless and pessimistic words with respect to the budget. His statement that present indications point to an early uptrend in business might in itself be considered fairly hopeful for us, but the past records of optimism of the government immediately defeats that in our minds. Further words that the outlook for export trade was uncertain and much depended on the United States were also disappointing to us. Added to this is the constitutional aspect that has developed out of the debate so far. And, surprisingly, we in the maritimes are interested in the British North America Act and its various interpretations.

These questions that come to my mind are, firstly, just what is the economic condition in the maritimes? Secondly, what are our rights and claims with respect to the British North America Act and, thirdly, what course of action might be taken? First of all, I should like to discuss briefly the economic condition of the maritimes. If there should be anyone here who has any doubt that we are in a bad financial strait in the maritimes I wish that he would be attentive while I review some facts pertinent to this point. In 1871 in the maritimes we had a population of 770,000 out of a total of 3·7 million. We made up one-fifth of the population of Canada. Now we make up one-eleventh. Saint John, my home town, at that time was the fourth largest city in the dominion; now we are the eighteenth and according to the last census our population has decreased 1,000.

To my mind the weekly wage rate is a key figure. I go through the Canada Year Book and I see these figures which indicate to me that we are not even holding our own in this respect. These are the weekly wage rate figures. In 1947, Prince Edward Island's was $24.75; Ontario, $38.57 and British Columbia, $41.55. The average weekly earnings in 1949, the last figures available, show Prince Edward Island with an increase of $5.01 to $29.76; Ontario had increased by $5.77 to $44.34 and British Columbia had the greatest increase of all, $5.81 to $47.36. While these figures might seem small, they are significant to me in this respect. At confederation the per capita trade figures for Ontario were $35. These are interprovincial trade figures that were kept at that time. They are not available now, but they do give us some comparison. New Brunswick surprisingly had a per capita trade figure of $56. That will give hon. members an idea of the trend since that time. The last figures for personal income show the maritimes at $804 and Ontario at $1,409.

A report on the economic condition of the maritimes is not complete, Mr. Speaker,

without some consideration of present-day problems. The first one that comes to my mind is the unemployment situation. In Saint John the unemployment figures were 2,600 at Christmastime, 3,400 at the time of our unemployment debate and they are 4,200 now. In other words, the peak is not over in Saint John even though there may be some national trend different from that. Construction has been slow to come around and improvements in that picture will not be seen for some time.

The Marysville picture is still bad, with 385 people still out of work, according to the April 21 publication of the Fredericton *Gleaner*. Sixty-seven employees have been laid off by the Canadian National Railways in Moncton. The short Montreal closed season has hindered Halifax and Saint John. The other day I saw where some reliable labour group had estimated the unemployment in the maritimes at 20 per cent; whereas we know the Canadian figures are only 11 per cent.

Before leaving the economic picture of the maritimes I should like to quote from the Toronto *Globe and Mail* of July 17, 1953. It is an article entitled: "Canada's stepchildren". It commended itself very highly to me as a very fair appraisal of the maritime situation. The subheading is: "Maritimes too dependent on Ottawa". I should say that it is written by Richard J. Needham. This reads:

> But the fact remains that the economy of that area—
>
> Referring to the maritimes.
>
> —is not in sound shape; that wages, and hence living standards, are substantially below the national average; that, as the financial editor of the Toronto *Star* put it a year ago, they are cut off from the rest of Canada by a sort of economic iron curtain. The fact remains that for all the money Ottawa has pumped into the maritimes since confederation, they are still unhealthily dependent on it.

And so I leave those figures of the economic situation in the maritimes with hon. members; and I throw out the challenge that if anybody can show me that we are even holding our own down there, I will be appreciative of it.

The second question that comes to my mind concerns our so-called maritime rights. This matter is very thoroughly dealt with in the report of the royal commission on maritime claims, commonly known as the Duncan report. This commission was headed by Sir Andrew Rae Duncan, and sat in 1926. I believe the findings are still true today. Perhaps some of the suggestions for the future have changed a bit, but a complete analysis of the picture is still pertinent, and I recommend it to anyone who might be at all interested in the position of the maritime provinces. Many of these specific claims are dealt with in that report.

I should like to refer to four of those claims. The actual money grants were dealt with most thoroughly this afternoon by the hon. member for Royal (Mr. Brooks). He referred to the claims that those of us in the maritimes believe we have, in view of the additions to territory in Manitoba, Ontario and Quebec. Original agreements were made at the time of confederation—and I refer to both written and unwritten contracts. Before the actual contract was signed there was an understanding with the maritime provinces whereby, due to the fact that they could not possibly have territorial expansion, they would be allowed to share in the additions to the north enjoyed by the provinces I have mentioned. This matter is dealt with very thoroughly, and perhaps hon. members can guess at the results in that respect.

Then, in the matter of tax rentals, may I say I feel strongly about the way this matter was handled by the Prime Minister (Mr. St. Laurent) when he was in Saint John in the election campaign last year. Statements were made to the effect that the government in Ottawa wished to be very generous with the maritime provinces in the matter of tax rentals because it was felt we had a claim to some of the money due to the fact that the head offices of our large corporations are located centrally. Well, that is the very thing to which we are objecting. We definitely want to have some of the head offices of businesses down our way so that it will not be a case of giving a handout every time we go after extra considerations.

Then the development of trade is another matter that confronts us vividly in the maritime provinces. Halifax and Saint John have suffered because of the Montreal season to which I referred a short time ago. Yet no efforts are being made by the central government even to try to regain United Kingdom trade. I feel that with Mr. Peter Thorneycroft and his group coming out to Canada in a short time we should get down to business and talk to them in an effort to regain this United Kingdom trade that is so very vital to the welfare of the eastern provinces.

Then there is one further matter, that of migration. We all know the story of the maritimers who have gone out west and done well. It is all very fine to be able to say that a premier of British Columbia is a New Brunswicker or that a prime minister of Great Britain was from the maritimes, or a justice of the supreme court in one of the

other provinces is from the maritimes. That sounds good; but I say that we are losing our future if the best men in our eastern provinces have to go out west or to other places.

Finally I should like to deal with the course of action that might be taken by us in trying to correct this situation. The first suggestion I would make would be to forget the sectionalism that exists in the maritimes. I think we could take a fine example from western members who, when the wheat problem is under review, drop all their other interests and get behind the discussion of that problem. I remember speaking to a western member only today. I know that he has no connection with wheat farmers and that he is entirely independent of the wheat situation. However, he said to me, "I have to go down and speak about the wheat situation". That is a lesson for those of us from the maritimes.

The hon. member for Charlotte (Mr. Stuart) who comes from New Brunswick is interested in the Passamaquoddy project. Then, the hon. member for Westmorland (Mr. Murphy) has spoken fluently about the Chignecto canal. At the present time I favour the Beechwood project. But I would say this, that we have to get together. I would not mind sacrificing interests or sectional ideas I might have if I felt that we could put our weight behind the suggestions we make. My weight might not be as great as some others who are in a better situation; but I believe that if we would speak up, as the western members do, we would be listened to.

Then my second suggestion is most appropriate in this debate on the budget, because I would refer to the situation at Marysville. The Minister of Labour (Mr. Gregg) spoke glowingly the other day in the committee on industrial relations about the plan they have to correct the situation down there, which has been brought about by the shutdown in the textile mills. We appreciate his efforts; nevertheless I feel it is my duty to say that those efforts are not being directed in the right way. The situation in Marysville can be corrected only by bringing new industry to Marysville. Vocational training for those who are there is all very well; but there must be industry for them to go to.

In this respect I believe we could take a lesson from the New England states. In their bargaining over support of the St. Lawrence seaway I understand some of the states have asked, and been assured they will get, consideration for their surplus labour areas. Another thing that was asked for, and might be worthy of consideration, was an acceptance by the government of a certain type of depreciation over a number of years, in an effort to induce new industries to locate in these surplus labour towns. In other words, assessments do not have to be lowered by the localities, but the federal government should be willing to depreciate by a special method of low-cost depreciation that would induce industries to locate in towns such as Marysville. I feel that would be a step in the right direction.

I have already pointed out the importance of trade to us in Halifax and Saint John, and I shall leave a suggestion in this connection.

I think we should investigate and consider very seriously the possibilities of making Saint John and Halifax free ports. In the United States today they already have free trading zones, and I know that San Francisco, New York, and New Orleans have had considerable success from this business of foreign trade zones. These foreign trade zones in the United States do not replace other shipping and receiving facilities. They provide extraordinary additional services the greatest of which in many cases develop trade which otherwise would not be able to move. This development of new trade in commodities which had not heretofore entered the United States is deemed to be of prime advantage in assisting, expediting and stimulating foreign trade.

These are the views I leave with you, Mr. Speaker, and in reviewing the matter I would like to say that I have emphasized three questions which came to my mind in first considering the budget. The first of these is, just what is the economic picture in the maritimes? Secondly, what are our rights under the confederation agreements? And thirdly, what course of action might be taken to get some form of agreement such as our western friends seem to be able to obtain? In conclusion, Mr. Speaker, I would like to quote from this report of the royal commission on maritime claims which I have already mentioned. The words here are very appropriate and I think they hit the nail on the head as far as the maritimes are concerned in relation to the dominion. I quote from page 11 of the report which reads as follows:

> The maritime provinces today are different in the structure of their enterprise from what they were in 1867, and their potentialities are even greater today than they were then. Confederation, too, is no longer an experiment. Its achievements in the complicated art of nation-building have brought it to a point of development which more than justifies the hopes and the vision of the early builders. The maritime provinces have produced, in every walk of life, men who have played a high part in the story of achievement. We believe that the claim which these provinces have submitted . . . and the future possibilities of their own part of the dominion, should now be reviewed with

sympathetic consideration and understanding, so that in approaching the future a better balance of territorial prosperity can be assured, and the original hope of confederation—unity, prosperity and contentment for all the provinces, as well as for the whole of Canada—can be made capable of realization.

Mr. Ambrose Holowach (Edmonton East): Mr. Speaker, may I have the permission of the house to adjourn the debate?

Some hon. Members: No.

Mr. Holowach: Mr. Speaker, the budget debate at present taking place in this house offers opportunities to hon. members to express their views on certain matters which otherwise may not arise in the ordinary course of the proceedings and which do not generally come under discussion. But listening to other hon. members taking part in this debate, and reviewing the subject matter of the serious problems which are brought to the attention of the government, I am amazed that up to this time no one has touched on a problem which is surely of concern to all hon. members because it involves a matter of great importance in the rapid growth of this young country.

Looking at a map of the world and Canada's location thereon in terms of its relation to neighbouring countries we cannot help but notice that Canada covers a vast area and is geographically in a strategic position. It is only a few flying hours from our neighbours to the north and northwest. In addition to its strategic position its territories contain vast resources of strategic materials. Space is another thing that we have in great abundance in Canada and while that in a sense is a blessing, when one considers the possibilities of expansion and growth, it must be borne in mind that our cities and our people are widely scattered and distance carries with it serious liabilities.

In this regard I would like to deal with the problem of the ever-increasing needs for commercial roads and highways throughout our country. There has been very little discussion during this session of parliament on this topic other than the proposed assistance in the construction of the trans-Canada highway project. Highways and roads are of great importance to Canada and I consider it my duty to express views on this "down to earth" subject and introduce for the serious consideration of the government the need for further financial aid to the provinces, particularly in the matter of building certain interprovincial highways which, because of their military significance, are important for the entire country.

It is realized, Mr. Speaker, that the function of building and maintaining highways and roads falls within the jurisdiction of the provinces, but when roads affect the social, economic, cultural and indeed the security and lives of Canadians then I do believe that a certain measure of this responsibility must fall upon the shoulders of the senior government.

On motion of Mr. Holowach the debate was adjourned.

BUSINESS OF THE HOUSE

Mr. Harris: We shall continue with this debate tomorrow and later in the afternoon I hope we will be able to take the resolutions.

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

HOUSE OF COMMONS

Wednesday, May 5, 1954

The house met at 2.30 p.m.

TRANS-CANADA AIR LINES

INTERIM REPORT ON CRASH AT MOOSE JAW

Right Hon. C. D. Howe (Minister of Trade and Commerce): Mr. Speaker, an interim report on the Moose Jaw aircraft disaster has now been received by the Minister of Transport (Mr. Chevrier). Interim reports have also been received by the Minister of National Defence (Mr. Claxton) and by myself as the minister responsible for Trans-Canada Air Lines. The following statement is a summary of the facts disclosed by the three reports, all being in agreement as to the facts.

On April 8 last a Harvard training aircraft of the R.C.A.F. and a Trans-Canada Air Lines North Star were in collision over the northeast outskirts of Moose Jaw, Saskatchewan. Investigations into the circumstances surrounding the collision are being conducted by the Department of Transport, the R.C.A.F. and Trans-Canada Air Lines. Completion of reports in this connection will take some time, but certain facts have been established which indicate what took place.

Trans-Canada Air Lines' scheduled flight No. 9 en route from Montreal to Vancouver was proceeding west on civil green airways No. 1 over Moose Jaw in accordance with its flight plan. The R.C.A.F. Harvard was climbing in a northeasterly direction across the airway in accordance with its flight plan which involved a routine navigational exercise. It was not performing aerobatics nor engaged in interception of the civil aircraft. The weather at the time of collision was excellent from a flying standpoint and visibility could not have contributed to the collision. All findings indicate that both of the aircraft were functioning properly from a mechanical standpoint and that the communications systems were in order. The T.C.A. pilots were competent in every respect for their assignment and their previous records were free from accidents. The captain had flown approximately two million miles in the company's service. The R.C.A.F. pilot of the Harvard had an outstanding record on his course and was known to be a mature and responsible young officer.

The two aircraft were on converging courses. The initial impact apparently took place between the nose of the Harvard and the left outboard engine of the North Star. It is calculated that as the aircraft approached the point of collision the North Star was approximately 45 degrees to the right of the Harvard line of flight. The Harvard was approximately 23 degrees to the left and one or two degrees below the North Star line of flight. Partial destruction of the aircraft took place at the point of collision with total destruction following, by fire and impact with the ground. It cannot be established whether either pilot saw the other aircraft, but it must be concluded that they did not see each other in time to avoid collision, although both were in a position to have done so.

As in the case of road traffic, the rules of the air provide that when two aircraft are converging the aircraft on the right has the right of way and the aircraft on the left must alter course to avoid collision. This, of course, does not relieve either pilot of the responsibility for keeping a sharp lookout to avoid collision.

Standing instructions of both the R.C.A.F. and T.C.A. emphasized the necessity for care arising out of the proximity of the airways and the Moose Jaw training establishment.

It has always been the policy within Canada and in other countries to avoid unnecessary restrictions on flying under clear weather conditions of good visibility. Canadian regulations are under constant review and are not only comparable with, but in some cases more rigorous than, those of other countries. Nevertheless, a special examination of existing regulations, both civil and military, has been undertaken on a joint basis to ascertain whether changes, particularly in those sections having a bearing on this accident, are required.

Prompt steps have been taken to effect settlement with those who suffered from the disaster. The Royal Canadian Air Force has assumed responsibility for settling damages for life and property that occurred on the ground, and Trans-Canada Air Lines has assumed responsibility associated with passengers in the aircraft. These settlements are being made without prejudice to the division of the costs of the settlements between R.C.A.F. and Trans-Canada Air Lines, which will be determined after all final studies have been completed.

Aircraft Crash at Moose Jaw

Mr. Green: Does the minister not think that further steps should be taken to keep those training planes away from the travelled routes of the passenger planes?

Mr. Howe (Port Arthur): Steps are being taken at the present time to determine further measures to protect both the training planes and the passenger planes. Just what that report will be I do not know, but I assure my hon. friend that his question is receiving study at this time.

Mr. E. G. Hansell (Macleod): Mr. Speaker, in view of the fact that the minister has reported for three departments, may I ask him: In the event of an opportunity occurring, either to discuss the report of the accident or to make suggestions, on what estimates of what department should the matter be discussed if it is desired?

Mr. Howe (Port Arthur): Mr. Speaker, I presume the logical opportunity would be when the estimates of the Department of Transport are under discussion.

(Translation):

PRIVILEGE

BIRTHDAY GREETINGS—RULING BY MR. SPEAKER

Mr. J. W. Dufresne (Quebec West): Mr. Speaker, I rise on a question of privilege. This morning's issue of the Montreal *Gazette* acquainted us with the fact that today, May 5, the hon. member for Vaudreuil-Soulanges (Mr. Beaudoin), who is also the distinguished Speaker of the house, is celebrating his birthday—

Mr. Speaker: I am sorry to have to call my hon. friend to order, especially since he is being so kind to me, but the subject which he wishes to speak about is not such as to allow him to rise at this time on a question of privilege.

Mr. Dufresne: Mr. Speaker, would you allow me to present my best wishes to you later, personally?

Mr. Speaker: It is always permissible for any hon. member to approach the Speaker, whatever the reason.

(Text):

CANADIAN WHEAT BOARD ACT

AMENDMENT TO ADD CHURCHILL AS DELIVERY POINT

Mr. H. A. Bryson (Humboldt-Melfort) moved for leave to introduce Bill No. 441, to amend the Canadian Wheat Board Act.

Some hon. Members: Explain.

[Mr. Howe (Port Arthur).]

Mr. Bryson: Mr. Speaker, the purpose of this bill, as set out in the explanatory notes, is to permit producers in the area accessible to Churchill to benefit from the cheaper freight rates.

Motion agreed to and bill read the first time.

QUESTIONS

H.M.C. DOCKYARD, ESQUIMALT—TENDERS FOR CRANES AND MONORAILS

Mr. Pearkes:

1. Have tenders been called for overhead cranes and monorails for the electric shop at H.M.C. dockyard, Esquimalt, British Columbia?

2. If so, (a) what safety factors have been set out in the specifications, including safety devices at discharge points and interlocks; (b) what specifications have been made regarding provision for impact loads; (c) what specifications have been given for the maximum beam deflection under full load?

Mr. Dickey:

1. Yes.

2. (a) The specifications call for a safety factor of not less than 5 to 1. This safety factor applies to safety devices at discharge points and interlocks and through discharge points and interlocks. The specifications also call for all interlocking beams which constitute discharge points to be locked together with safety and perfect alignment by means of a heavy slotted steel fork held in place by spring action. The automatic stops are to be raised to allow passage of the wheels of the hoist carrier under them only when the crane girder is properly aligned and the interlock thrown. This is designed to eliminate the possibility of the carrier running off when the interlock is disengaged.

(b) A minimum allowance of 10 per cent of the live load is required for impact as required for electric hoists operating at a speed of less than 30 feet per minute.

(c) There has been allowed a maximum beam deflection of 1/450 of the span in the specification for all cranes, runways and monorails in this system under full load.

CANADIAN BROADCASTING CORPORATION—RAYMOND ARTHUR DAVIES

Mr. Hamilton:

1. Has Raymond Arthur Davies, recently sentenced to two years in jail for passport frauds, ever been connected in any way with the Canadian Broadcasting Corporation?

2. If so, in what way, for how long, and at what dates?

3. Has the Canadian Broadcasting Corporation ever purchased scripts or material from him?

4. If so, what was the title of each, and when was it broadcast?

5. If Mr. Davies was ever employed by the Canadian Broadcasting Corporation, who authorized his employment, and who recommended him for employment?

Mr. McCann:

1. No.

2. See answer to No. 1.

3. Yes.

4. During the spring of 1944 several short items were selected and used from a number which Davies submitted on a free lance basis while in Moscow as a newspaper correspondent. Following his return from allied countries he made five 15-minute broadcasts dealing with conditions in allied countries in eastern Europe on the following dates: December 21 and 28, 1944; January 4, 11 and 18, 1945.

5. See answer to No. 1.

RIDING MOUNTAIN NATIONAL PARK—SLAUGHTERHOUSE

Mr. Dinsdale:

1. Is the government building a slaughterhouse at Riding Mountain national park?
2. If so, what will be the cost of this slaughterhouse, and what functions will it perform?
3. Who is performing these functions at the present time, and at what cost?

Mr. Lesage:

1. No.

2. Not applicable.

3. To keep the herd at about a constant level, a small number of buffalo are slaughtered each year. Tenders are called on the basis of per pound dressed carcass weight, f.o.b. the animal enclosure at the park. The animals are shot by the park staff but the skinning, dressing and removal of the carcasses from the park are carried out by the butcher submitting the highest tender. The actual cost of the work is therefore not known. The total paid to the department in 1953 by the successful tenderer, Mr. H. W. Scrase of Dauphin, Manitoba, was $1,157.77.

CIVIL DEFENCE—DOMINION-PROVINCIAL CONFERENCE

Mr. Cavers:

1. Has a federal-provincial conference on civil defence been held recently? If so, on what date?
2. Who attended the conference?
3. Was there any discussion of the administration of the civil defence grants program? If so, what was the gist of such discussion?
4. What were the other principal aspects of discussion?

Mr. Martin:

1. Yes. On March 29 and 30, 1954.

2. The Minister of National Health and Welfare. The provincial ministers responsible for civil defence. The provincial civil defence co-ordinators. Federal civil defence officials. Sir John Hodsoll, director-general of civil defence training for the home office, Great Britain, and the Hon. Mrs. Katherine Howard, assistant administrator of the United States federal civil defence administration, also attended.

3. Yes. The discussion revolved about proposed extensions to and revisions of the grants program and methods of making the grants more flexible.

4. Among the other principal subjects of discussion were the hose coupling standardization program, training programs, revisions to the existing federal civil defence compensation scheme, continued co-operation between all levels of government, medical and welfare stockpiling problems and communications and warning systems.

Sir John Hodsoll advised the delegates regarding the civil defence problems faced in Britain, the Hon. Mrs. Howard summarized civil defence programs in the United States, the chairman of the Canadian chiefs of staff committee gave an appreciation from the military point of view of the international situation, and the chairman of the defence research board discussed new developments in the field of offensive and defensive weapons.

HAROLD C. BANKS

Mr. Hamilton:

1. Was Mr. Harold C. Banks ever a member of the labour advisory board of the Canadian maritime commission?
2. If so, what was the date of his appointment?
3. Is he now a member?
4. If not, when did he resign?
5. What was the reason for his resignation?

Mr. Langlois (Gaspe):

1. Yes.

2. March 12, 1952.

3. No.

4. May 12, 1952.

5. In tendering his resignation Mr. Banks wrote that his duties as vice-president of the Seafarers International Union of North America left him no time to continue on the labour advisory board.

MICHEL SEIGNEUR

Mr. Stewart (Winnipeg North):

1. When and how did Michel Seigneur enter Canada?
2. Was he, at any time, an inspector of the Waffen SS?
3. Has he been sentenced in any French court for treason?
4. If so, what was the sentence?
5. Has Seigneur been granted Canadian citizenship?

Questions

Mr. Harris:

1. On December 1, 1946, as a non-immigrant. As the House of Commons was informed on March 2, 1949, Dr. Seigneur was granted a landing under authority of order in council P.C. 2920, dated June 29, 1948.

2. Information not available.

3 and 4. He was sentenced to death in absentia, by a French court of justice, as guilty of having had dealings with a foreign power with a view to encouraging the undertakings of that power against France.

5. Yes.

LEPROSY

Mrs. Shipley:

1. Approximately how many new cases of leprosy are admitted to Canadian leprosaria annually?
2. What proportion of these contracted the condition outside of Canada?

Mr. Martin:

1. 1951-52, 3 cases; 1952-53, 1 case; 1953-54, 3 cases.

2. All of the above cases are believed to have contracted the disease outside Canada.

IMMIGRATION—VACCINATION

Mrs. Shipley:

1. How many persons are vaccinated annually under Canada's quarantine regulations requiring vaccination of persons entering Canada?
2. From what countries may persons enter Canada without the requirement of recent vaccination?

Mr. Martin:

1. Not less than 300,000 persons are vaccinated annually as a result of present quarantine requirements. These include 150,000 immigrants, 50,000 visitors from Europe, 50,000 of the 200,000 merchant seamen who arrive at Canadian ports each year on ships subject to quarantine, and approximately 50,000 travelling Canadians.

2. Persons entering Canada from the United States, Alaska, the Hawaiian islands, Panama canal zone, Bermuda, Cuba, the Bahamas, Jamaica, the Virgin islands, St. Pierre, Miquelon, Iceland and Greenland, are not required to have vaccination certificates on entering Canada.

CHIGNECTO CANAL

Mr. Murphy (Westmorland):

Will consideration be given by the international joint commission for the inclusion of a canal across the isthmus of Chignecto, making Boston the American eastern seaboard terminal of the St. Lawrence seaway?

Mr. Pinard:

No. The international joint commission has no jurisdiction over the isthmus of Chignecto.

[Mr. Stewart (Winnipeg North).]

QUESTIONS PASSED AS ORDERS FOR RETURNS

PORT BURWELL HARBOUR

Mr. McBain:

1. Did the railway car ferry *Ashtabula* go aground in Port Burwell harbour?
2. If so, how many feet of water does the *Ashtabula* draw?
3. What is the estimated depth of the water in Port Burwell harbour?
4. In view of this, does the government intend to send the public works dredge to Port Burwell?
5. If so, when will it commence dredging operations?

DISABILITY PENSIONS

Mr. Dinsdale:

1. How many disability pensioners, by provinces, are there in Canada?
2. How many disability pensions, by provinces, have been awarded each year since 1949?
3. What were the total enlistments, by provinces, during world war II?
4. How many disability pensions, by provinces, have been awarded to veterans with service in Canada only, and how many for service in the United Kingdom and European theatres of operation?

Mr. Pickersgill: Mr. Speaker, I had a word with the hon. member for Brandon-Souris (Mr. Dinsdale) and he is agreeable to having substituted for the word "provinces", where it occurs in this question, the words "districts of the Department of Veterans Affairs"; and also to substitute for the date "1949" the phrase "each fiscal year since April 1, 1949". This will make it much easier to answer this question and on that understanding might it be made an order for return?

Mr. Speaker: The question as amended is made an order for return.

IRRIGATION

SOUTH SASKATCHEWAN RIVER PROJECT—INQUIRY AS TO DESCRIPTIVE PAMPHLET

On the orders of the day:

Mr. M. J. Coldwell (Rosetown-Biggar): Mr. Speaker, may I direct a question to the Prime Minister? Does this rather attractive pamphlet, which came to me at noon today and which is entitled "Proposed South Saskatchewan river development project", printed by the queen's printer in Ottawa and dated April, 1954, containing all the details of the scheme, mean that the government has decided to go ahead with the South Saskatchewan dam?

Right Hon. L. S. St. Laurent (Prime Minister): Mr. Speaker, I have not seen the interesting pamphlet to which the hon. member refers, and all I can say is that no decision has been reached in that regard up to the present time.

Mr. Coldwell: I will be very glad to send the pamphlet across to the Prime Minister, and I would point out that it was produced by the government.

BUTTER

PURCHASES IN 1954—SUPPORT PROGRAM

On the orders of the day:

Mr. J. H. Proudfoot (Pontiac-Timiskaming): Mr. Speaker, I should like to ask the Minister of Agriculture the following questions: (a) Is the agricultural prices support board purchasing 1954 butter, and if so at what price? (b) Has there been any recent change in the butter price support program?

Right Hon. J. G. Gardiner (Minister of Agriculture): Mr. Speaker, the hon. member was kind enough to submit a copy of this question to me yesterday and I have had this answer prepared. The dairy year is considered to run from May 1 to April 30. At April 30, 1954, the agricultural prices support board held in stock about 33 million pounds of 1953 make butter.

The current support price in bulk or the board buying price is based on 58 cents per pound basis Montreal through April 30, 1955. The board offers to buy first grade creamery butter manufactured in Canada in carloads at this price. This means that the board is a buyer in the market at all times.

On May 3, 1954, the board, in order to continue selling its stocks of 1953 butter, reduced the selling price to 55½ cents per pound in solids in carloads in Ontario, Quebec, the maritimes and British Columbia.

The net effect of this policy will be that the board will continue to protect the producers' price at the 58-cent level and may buy a somewhat larger proportion of the total current make butter because 1953 make butter will be moving into consumption.

A similar operation was completed in the spring of 1950 when the board held about 20 million pounds of 1949 make butter at April 30, 1950.

Some groups have suggested that farmers will receive less money owing to this policy. This should not result, since the board continues to buy on the same basis as it did last year and will buy as much first grade butter manufactured in Canada as it is offered.

Under the present plan we start at 58 cents each year in bulk at Montreal and advance monthly until the selling price reaches 61 cents, that is, wholesale. We must go back to the original price of 58 cents at the beginning of each year, or the support price would increase to a high level over the years.

THE BUDGET

ANNUAL FINANCIAL STATEMENT OF THE MINISTER OF FINANCE

The house resumed, from Tuesday, May 4, consideration of the motion of Hon. Douglas Abbott (Minister of Finance) that Mr. Speaker do now leave the chair for the house to go into committee of ways and means.

Mr. Ambrose Holowach (Edmonton East): Mr. Speaker, when I moved the adjournment of the debate last evening I had made introductory remarks with respect to the theme of my address. I said that the budget debate offers opportunities for hon. members to express their views on matters which ordinarily do not come up for discussion unless, of course, they appear in the program of business of the house.

Mr. Speaker: Order. The time for private consultation having expired, may we now resume the discussion of the budget?

Mr. Holowach: Thank you, Mr. Speaker. Speaking yesterday evening, I mentioned that various members who had taken part in the budget debate had already touched on timely problems but that, thus far, no one had discussed a matter which is of primary and basic importance in the rapid growth of this young country. It was pointed out that Canada's geographic position on the map of the world is strategic, and that our cities and our people are scattered widely over a large area. It follows that distance is a blessing in the matter of our future potentialities, but since our cities and people are widely scattered on the face of the map this presents serious liabilities in connection with the protection of this vast country of ours.

The problem which I intend to discuss is created by the ever-increasing need for commercial roads and highways which will serve Canada not only in the economic sense but in the event of emergencies. I further pointed out that thus far little reference had been made in this session of parliament to furthering federal aid to the provinces in the matter of their road programs, beyond the assistance given to the provinces in the matter of the trans-Canada highway project. The need for federal aid to the various provinces in their road programs is extremely great. I intend to make reference to the need for one particular interprovincial highway which, apart from its commercial advantages to western Canada, would provide western Canada with further measures of protection.

In my opening remarks I explained that I realized the building of highways and roads is a matter which falls within the jurisdiction of the provincial governments. But since roads affect our entire economic and social life—and surely we will agree on this point—as well as providing security in the event of emergencies, a great deal of responsibility in the matter of assisting the provincial governments in their road-building programs rests with the senior government.

I am sure that we will all agree, Mr. Speaker, that the purpose of our assembly is to legislate and to govern. But this function does not always provide common ground for agreement for the simple reason that, with regard to legislation, there are various interpretations which various members give, as to what is the best type, as far as the needs of our country are concerned. However, I am certain that all of us will basically agree on this, namely, that the purpose of government is to offer protection to our country and to our people. It seems proper for me to say that realism suggests that roads are essentials for the well-being of our people in the economic, the social and the security sense.

I spent considerable time yesterday with this thick volume of some 600 pages containing the government's estimates for the fiscal year ending March 31, 1955. The estimates provide for expenditures of close to $5 billion, and of this amount $2 billion is for national defence. From there I proceeded to the lengthy text of the budget address, and I searched in vain for some indication of further federal aid to the various provinces in the matter of assisting them with their road programs. I was naturally disappointed because I could see no measure or outline of program which would indicate that such aid is forthcoming. Especially regrettable was the fact that no reference was made to the need for construction of additional trans-Canada highways, and in particular one from the city of Winnipeg to the west coast, through the central portion of western Canada by way of Saskatoon, Edmonton, Jasper park and the Yellowhead route.

The various provincial governments of western Canada and public-spirited bodies as well as military authorities have insisted that such a road should be undertaken. I believe that the federal government would perform a great service to this end were they able to spark negotiations and give some measure of inducement and encouragement to the provinces involved in the matter of building this essential highway.

[Mr. Holowach.]

According to the details itemized on page 53 of the 1954-55 estimates for the Department of Public Works, the total federal contributions to the provinces under the terms of the Trans-Canada Highway Act will be $20 million, which is an increase of only $5 million over 1953-54. This amount is for all the provinces of Canada with the exception of Quebec which, I understand, has not entered into the dollar-for-dollar cost arrangement. Further, it is indicated that the grand total of expenditure for the administration, the operation, the surveying and construction of trans-Canada highways through the national parks, as well as the already noted contributions in the matter of the trans-Canada highway project, will be $22,487,484 which is an increase of some $6,031,883 over the preceding year. While some may feel that the federal contribution is substantial, in the light of the comparison with what the provinces are spending and allowing for factors of revenue and population, I believe that the federal contribution is "embarrassingly insignificant" and represents only a scratch on the surface as far as the highway problem is concerned.

In the April 10, 1954, issue of the *Financial Post,* on page 46 there is indicated an outline of the various spending of the provincial governments in the matter of highway construction. I should like to read just a few of the larger expenditures. As to Quebec:

> During 1953-54 the Quebec roads department completed an extensive program of road construction, in many cases continuing the work begun in the previous year. Outlay for roads totalled $57·7 millions.

As to Ontario, the following interesting report appears:

> The current year, which is the fifth in a five-year building program, is provided with $124·3 millions for building, maintenance and administration. But there is a balance of $21·5 millions in the highway reserve account. The total of current budget and reserve account makes it very likely that the province this year will complete a record highway building, reconstruction and maintenance program.

With regard to Manitoba, the following appears:

> Two major factors have given impetus to road highway development in Manitoba: the tourist traffic and the development of the province's natural resources. This impetus is measured by a $17 million expenditure last year, to be boosted to $18 millions this year.

As to Saskatchewan, we have this report:

> Saskatchewan's road budget has been raised to $18·6 millions this year from 1953's figure of $17·2 millions. Some $5 millions has been earmarked for trans-Canada highway including the federal government's share.

With respect to Alberta the report is as follows:

> Alberta's expenditure for highways this year shows the biggest increase over 1953 of any province: $57 millions this year compared with $38 millions last year. Of the total, $41·8 millions will go for new construction.

This is the situation with respect to British Columbia:

> In the fiscal year ended March 31 the province spent $27·1 million on construction and $13·1 million on maintenance. It looks now as though 1954 spending will be about equal to this figure.

A most interesting report that should be considered by the house is one issued by the trans-Canada highway system association dated April 21, 1954. It contains a tabulation showing United States federal aid authorizations to the various states for road construction. I might say that the report is based on pertinent information from the United States bureau of public works. It indicates that in nearly every fiscal year since 1916 tremendous amounts have been set aside for the purpose of assisting various states with their highway construction. The report outlines post-war authorizations by the United States government and indicates that during the fiscal years 1946, 1947 and 1948, $500 million was expended yearly making a grand total of $1,500 million in federal aid for road building during the three-year period. For the years 1950 to 1955 the colossal sum of $3,050 million has been allocated for the national system of highways. Peak aid is to come during the years 1954 and 1955 with some $575 million allotted to the various states for each year in order to assist them with their road programs.

In following recent congressional hearings in the United States, one also finds much emphasis laid on the importance of highways in that country. One of their objectives is to establish road-building standards at an early date. It seems to me that the exemplary program being followed by our good neighbours to the south should give us food for thought so far as our own highway programs are concerned. Many of the historical facets of the history of our nation are linked with the story of roads and routes. I am sure it would surprise many if they were to examine the events that have changed the course of nations and discover the important effect that roads and highways have had on the outcome of those events. I think that the impact of good roads on every phase of a nation's development cannot be questioned.

In the light of the tremendous development taking place at the present time in western Canada, and also because of the geopolitical situation in which our country finds itself, I think that the aiding of our various provinces in their road and highway programs is most necessary. Time and again we hear the need to develop new areas of Canada mentioned. As Canadians we realize that this country abounds in great resources and possibilities, and in addition to wise federal fiscal policies which are necessary in order to encourage development of our natural resources we must also have the means of acquiring access to those resources as well as to bring out the production of our rich country. Before we can take advantage of these resources we of course must have roads.

Nor do I think any hon. member can advance a logical argument why we should not formulate a clear-cut national program of highway construction. This would not mean that we would interfere with or jeopardize in any way the jurisdiction of the various provinces with regard to highways and roads, but it would provide a certain amount of guidance and objectives as well as standards which would suit not only our present needs but also those of future years.

I think such a policy is desirable particularly from the standpoint of national defence. Of course such a policy would have to be divorced completely from all political considerations and would have to be based on cold facts and what is in the best interests of the country. I realize that all of this requires money. The provinces need money. The federal government has heavy commitments, but I do not think that the words "financial assistance" should frighten us in view of the purpose for which the money would be spent. As grown-up men and women we of course understand that it is impossible to build all the highways we require or give all the assistance necessary at one stroke unless of course we implement the very sound principle that what is physically possible and desirable should also be made financially possible.

But under our method of doing things we recognize first things come first, and so far as highways are concerned those that have a direct bearing on the well-being of our nation as a whole should rightfully be considered as the first undertakings. The government grows bigger and bigger each year, and in the light of the broad scope of the bills introduced, and studying the various expenditures that are made, it would appear that we are not too far away from the time when there will be few functions that the government does not possess.

However, the primary concern of the government, as I mentioned before, is the security of our nation. Defence is a national

matter. It occupies the highest priority in the spending of the taxpayers' money. There is no quarrel with that, for in the light of what is happening in the world we have no alternative. But it does seem strange that certain highways which would serve to make Canada great industrially and strong defensively do not share in that priority. I should like to make this matter clear. It is understandable to every thinking person that the provincial governments, undertaking as they do vast and varied road programs within their respective provinces in order to meet the needs of the various communities, cannot do justice to the needs of their provinces and on top of that build highways which will serve all the people of Canada in the light of our ever-growing economic expansion.

This matter has been brought to the attention of the federal government for many years. As recently as last spring the western provinces requested a conference with the federal authorities in order to discuss serious highway problems. I refer to a request on March 28, 1953, and again on April 10, 1953, by Premier Manning, acting on behalf of and in accord with the provinces of Saskatchewan, Alberta and British Columbia. May I say that backing this request were the people of western Canada who were not seeking concessions but felt justly that the building and undertaking of this road I have mentioned is worth while and in the best interests of Canada. As Canadians, these same people approve the building of the Canso causeway in Nova Scotia as well as the proposed St. Lawrence seaway as being of benefit not only to eastern Canada but to the whole country. In the Prime Minister's reply to the first request for such a conference he is reported in the Montreal *Star* of April 28, 1953, as having stated:

> In view of our own very heavy commitments and of the excellent financial condition of the provincial governments, it is hard to see how the federal authorities would be justified in undertaking any additional responsibility for highways at this time on the assumption that they might some day be required for defence purposes . . . Defence planning involves the determination of priorities and . . . there would always be projects much more urgently needed for our defence.

The premier of Alberta, Mr. Manning, made a second request for a meeting on April 10, 1953. In reply to this request the Prime Minister (Mr. St. Laurent) stated that the cabinet was busy trying to complete the session before the coronation, and added:

> As there is no possibility of considering any addition to the provision now being made for highway expenditure by the federal government in the present fiscal year, there would appear to be no urgency about arranging to meet the delegation.

[Mr. Holowach.]

I believe, Mr. Speaker, that the presentation of expenditures at this session of parliament nullifies the argument on this latter point, and I do believe that the arguments advanced by the Prime Minister in his first answer to the premier of Alberta are contested by substantial and unassailable arguments to the contrary.

The building of a highway from Winnipeg to the west coast through central Canada by way of Saskatoon, Edmonton, Jasper park and the Yellowhead route will mean we are making strategical moves instead of just talking about them. It will show possible aggressors that we intend to be prepared, and that is one way of stopping aggression. The adoption of such a route would provide rapid and efficient transportation to that portion of Canada most likely to be the scene of our defence. In any event, the building of this road would certainly expedite the growing development of that vast area. The highway I have just proposed would tie in with the airports which, because of their strategic location, are the headquarters of the northwest air command of the R.C.A.F., as well as with the centres which are the headquarters of the western command of the Canadian army.

Not long ago the Prime Minister, in his usual sincere manner, enunciated great faith and confidence in these territories. I refer to the remarks that he made when speaking to the Northwest Territories Act on January 19 in this house. The case for the route of a second trans-Canada highway that I propose is overwhelming, and not the least of the arguments is the fact that the terrain, the elevation, snowfall conditions and population factors lend themselves to the effort involved and would help realize the economic construction of this route. For example, I have certain figures that are quite revealing. The highest elevation in the Yellowhead route is 3,717 feet, as compared with 5,337 feet and 4,450 feet on the Kicking Horse and Crowsnest pass routes. In so far as the matter of snowfall is concerned, the Yellowhead route has less than that of any route proposed, as can be verified by graphs from federal sources. It is the only route that could eventually lend itself easily to the construction of a four-lane transcontinental highway. These features resulted in the choosing of the same route by the Trans Mountain Oil Pipe Line Company, in their very impressive construction project.

Apart from the commercial and military significance of this route, which makes it an absolute necessity, it would run through

the central and most densely populated portions of western Canada and could easily link with the already constructed 1,600 mile Alaska highway, which was built at a tremendous cost and which represents one of the great engineering feats of this century. Furthermore, the route as I have proposed it, should have priority and construction should be undertaken immediately because of the overwhelming concentration of targets such as oil, uranium and chemical plants. This highway would serve all the local areas for the betterment of trade and commerce as well as the tourist industry, which is one of Canada's great sources of revenue.

My few remarks are not intended in any way to be a complete appraisal of the advantages the selection of this route would have for all of Canada. It is not intended to detract from the importance of the presently constructed trans-Canada highway. It is intended to show the need for making an early start on other projects, quite apart from the presently constructed trans-Canada highway, in view of the red tape and length of time it takes to get things started. By way of illustration I would point out that although parliament did pass the Trans-Canada Highway Act in December 1949, the target date for completion will not be until the year 1956 or later. In other words, using that as some form of timetable, it can be seen that if a decision were made at this moment to undertake the building of this route, it would be many years before it would be completed. I just wonder whether we as Canadians can afford to wait. I think not.

I am sure the provinces of Alberta, Saskatchewan and British Columbia would cooperate and welcome the federal government's interest in assisting them in the building of this highway. We in Alberta have always favoured not one but three arterial highways running from east to west. There is one trans-Canada highway in this country, but the United States has ten national highways. I believe that the time for action in this important matter is now because a road, like anything else, cannot be built with good intentions alone. I submit that from the public standpoint it is most desirable the federal government meet with the provinces in order to discuss this vital matter. Canada is a big country. I feel we are justified in advancing this great proposition.

The job of giving Canada adequate systems will not be accomplished by provincial road programs alone. Further postponement of the building of the road, which I have submitted is necessary, will retard and harass further development in western Canada. It will retard industrial investment as well as the defence of our nation. Furthermore, at a time when our country has many unemployed, the undertaking of such a project would absorb many of those seeking work. I submit that the calling of a conference with representatives of the provincial governments, in order to discuss highway problems, is vital to the public interest. Such a conference would have as its objective the formulating of a national highway program and the offering of further aid to the provinces with their own highway programs. I feel that defence highways could then be discussed at this conference. I am sure such deliberations would indicate the advisability of undertaking the route I have outlined and the need for assisting in the maintenance of the important all-weather Yellowhead route.

Mr. W. A. Pommer (Lisgar): Mr. Speaker, in rising for the first time to address this house, I should like to follow the custom by congratulating you, Mr. Deputy Speaker, and Mr. Speaker on the high honour that was conferred upon you in your appointments to these high offices. I should like to commend you on the able and impartial manner in which you are carrying out your duties. I realize that time is marching on and that we have been engaged in this budget debate for a good many days, but I thought this afternoon I should make a few remarks in support of the policies of this government to show how those policies have affected my province of Manitoba.

In preparing notes for the remarks I propose to make it seemed to me it would be appropriate if I were to direct the attention of the house to the growth and prosperity my home province has enjoyed in the last few years. I am convinced one of the main tests of democratic government is to see how its policies and administration work out when applied in the day-by-day affairs of the businessmen, and of its people generally. And when I say "businessmen" I include of course farmers, fishermen, miners, and all who engage in business activities. Because in modern times the financing and managing of our farms has become just as much a question of business management as has the operation of factories, and retail-wholesale establishments.

Mr. Speaker, the details of the government's financial plans have been set forth by the Minister of Finance (Mr. Abbott) in such a comprehensive and lucid manner that it would be presumptuous for a new member like me to attempt to add anything to it.

There is, however, an old and true saying that the proof of the pudding is in the eating; and since as a Manitoba resident of many years' standing I can justly claim to know Manitoba, I would like to tell the house how the government's policies have worked in Manitoba in recent years. The results which this government's policies have produced in my province are the best proof of their soundness and wisdom.

For example: In bringing in the present budget, this government has followed the sound fiscal and trade policies which have so substantially contributed to the economic development of Canada and, as a result, Manitoba. The trade and tariff policies which have been directed toward an expansion of our international trade have contributed to our growth as well as our wealth.

In a country such as ours, which is blessed with surpluses of almost all products, we must depend upon exports. We must trade and buy where we can sell. Therefore, in my opinion, the government's continued resistance to tariff increases is a welcome and healthy sign.

In more recent years the implementation of the dominion-provincial tax rental agreements by this government have done much toward stability of revenue in provinces such as Manitoba. It has enabled provinces such as these to plan ahead. Knowing that certain revenues will be available, it has assisted government at the local level—the municipalities and the school districts, through the increased grants they now receive from the provinces, thereby making their financing less difficult. These agreements are of considerable importance to us, and the expressed intention of the government to preserve them has been reassuring to the people of Manitoba.

Several speakers from eastern Canada have told of the part played by their constituencies in the early history of Canada. My constituency and indeed the whole of Manitoba has grown to its present stature in the period since confederation. In fact, it is very doubtful whether 100 years ago there was a single permanent white resident in the whole of the area of my constituency. I think it is a matter of real pride that in less than 100 years this district has grown, from what many people looked on as uninhabitable, and frozen wilderness, to a prosperous, highly developed agricultural community, with an excellent system of highways, railways, and with telephone, electricity and radio in almost every single home in the whole of the constituency.

I repeat that this has all happened in less than 100 years. We could narrow that considerably to say that a very great part of it has occurred in the last 20 years, the years of Liberal government at Ottawa and the years in which were developed the policies and practices which I am here to support.

I have recently been interested in the material being issued by the Manitoba department of industry and commerce in respect to the growth and development of various Manitoba industries in the last few years. I think the story which they tell reflects great credit on the people and government of my home province and I think it reflects equal credit on the policies adopted and put into effect by the federal government.

In the case of agriculture, it is estimated that the total value of production in 1953 in Manitoba amounted to $290 million as compared with only $89 million in 1938. In other words, in 1953 agricultural production amounted to three times the value of 15 years ago. This represents, of course, a combination of price increases and of increases in the volume of farm production. It reflects also the development of new and more profitable types of vegetable and animal products. The prosperity brought about by this great increase in the value of farm products is reflected in the fact that the value of machinery on Manitoba farms in 1951 was estimated at $232 million as compared with only $59 million in 1941. Many of our people thought that mechanization of agriculture had gone a long way by 1941. The fact is that since 1941 the number of tractors on Manitoba farms has more than doubled, while the number of combines has increased from approximately 1,700 to over 15,000. At the same time our farmers were buying and paying for this vast amount of new farm machinery, they also enjoyed the first benefits of a rural hydro program which brought electricity to every farm in my constituency, and they bought corresponding quantities of electric stoves, electric refrigerators, and other appliances, as well as new automobiles and trucks. The figure quoted is that trucks on Manitoba farms in 1941 numbered approximately 7,600 and in 1951 the number had increased to over 21,000.

That this great amount of new equipment has been bought and paid for out of improved earnings of Manitoba farmers is clearly demonstrated by the fact that mortgage indebtedness to life insurance, trust and loan companies was down in 1952 to less than $6 million as compared with over $32 million in 1937. These figures speak well for Manitoba farming industry and they speak equally well for the prudence of Manitoba farmers in taking advantage of good times to pay off their debts and get into a strong position for the future.

I could not, however, end my remarks on this subject without adding that the record

of the last few months is much less satisfactory than the record over a period of years. Farm prices are no longer rising, and have indeed dropped sharply in some cases. Farm costs, on the other hand, are continuing to rise. Freight rates and other transportation charges are an important cost to Manitoba farmers. Farm machinery costs and tractor fuel, municipal taxes and provincial and federal taxes must all be paid before anything is left for the farmer and his family. If farm prices drop, and, even more so, if one or two bad years cut the output of Manitoba farms, the result will be disaster unless steps are taken to make corresponding reductions in the expenses which our farmers must meet. There is nothing new in these points, but they are well worth repeating in order that our attention to them will continue.

Agriculture is and always has been the backbone of Manitoba, but in recent years manufacturing has achieved an increasingly important place, until now the total value of manufactured products in Manitoba is more than double the total value of farm products. A great part of our manufacturing is, of course, the processing of farm products on their way to market, but other industry is far from unimportant.

In 1953, fifty thousand people were employed in manufacturing industries in Manitoba and these industries had a payroll of over $115 million and turned out a product estimated at $610 million. Between 1941 and 1951 Manitoba's production of manufactured goods increased by 260 per cent which is almost the exact per cent of the increase recorded for the province of Ontario.

The wide range of manufacturing carried on in Manitoba is well illustrated by the 60 new industries which are reported to have begun operations in Manitoba during 1953. These 60 new industries were distributed as follows: 17 in clothing and textiles; 11 in iron and steel products; 8 in wood and paper products; 7 in non-ferrous metal products; 5 in food and beverage processing; 4 in non-metallic mineral products and 8 in other product varieties.

I do not feel that I should take the time of the house to dwell on the development of the north country, since the hon. member for Churchill (Mr. Weaver) is more qualified than I am to speak of the mineral developments in northern Manitoba; but I do want to mention the nickel properties being developed at Lynn Lake, which is the only Canadian nickel mine outside of the province of Ontario. Then there is a new railway line through the territory between Lynn Lake and the Flin Flon-Sherridon area.

The progress being made in oil exploration in the southwest sections of Manitoba is also of remarkable value to us, but it has been overshadowed by the outstanding results farther west; but we in Manitoba are proud of the steady growth of oil production in our province and we are very pleased to see industries developing in Manitoba which draw their raw materials from the oil pipe line. We are looking forward to the completion of the Trans-Canada gas pipe line as another feature for further industrial development in Manitoba.

As I remarked earlier, all these developments are a source of satisfaction to our province and indicate that we of Manitoba, like most Canadians, have done extremely well in the past few years under the present administration. We hope to continue that progress, and this administration, and for that reason we support the measures necessary to carry it forward.

In concluding, I would like to refer to two further figures. The department of industry and commerce of Manitoba reports that toward the end of 1953 it conducted a survey of all manufacturing firms in the province, and received replies from approximately 500 of them. Of the firms reporting, some 24 per cent indicated that they had expanded their plant during 1953, and no less than 44 per cent of them reported that they are planning expansion in 1954. This is truly a remarkable expression of confidence in the continued growth of this area. It is significant also that this anticipated growth is based upon the foundation of an income and living standard which, in 1953, gave to Manitoba retail sales estimated at $840 per person which is some 8 per cent higher than the average of retail sales for the whole of Canada. Surely, a province which is able to buy from retail stores in such quantities as this has every right to feel that its people have been well served by the fiscal and trade policies of this government.

Mr. W. M. Johnson (Kindersley): Mr. Speaker, in rising to take part in this budget debate there are two features that I should like to deal with as they affect western agriculture, and, because of the importance of western agriculture, as they affect our Canadian economy.

The world's wheat situation and the surplus situation in Canada were adequately dealt with by my colleagues, the hon. member for Assiniboia (Mr. Argue), the hon. member for Yorkton (Mr. Castleden) and the hon. member for Humboldt-Melfort (Mr. Bryson), so I will not deal with that particular phase at any great length. I am going to deal specifically with one problem as it affects the western farmers.

From time to time many suggestions and improvements are offered for the Canadian wheat board, and I do not think these can be construed as criticism of our board system of marketing. Everyone should know that there is no group that has fought harder and longer for the system of orderly marketing such as the wheat board than the members of the C.C.F. Farmers generally are strongly in favour of the board system of orderly marketing. There was some dissatisfaction last July and August when the board deviated from their policy and opened delivery quotas. As many of you know, the delivery quota is an invention of the Canadian wheat board, which allows farmers the opportunity of delivering their grain in orderly fashion. And when the board deviated from that program in a pre-election period some of us had cause to wonder. The results of that deviation were most unsatisfactory. Apart from criticism of that nature or suggested improvements as I would rather call them, anyone who says that the C.C.F. is opposed to the board system of marketing has been misinformed by a political pinhead, or is one.

We heard this cry in the last election: it was said that a vote against the Liberals is a vote against the Canadian wheat board. There are even today some members of the Conservative party who criticize the Canadian wheat board, but the basis of their criticism is not the same as ours. Many of the members of the Conservative party are criticizing the Canadian wheat board because they prefer the cutthroath competition of the open market. The hon. member for Greenwood (Mr. Macdonnell) said, as reported at page 3991 of *Hansard:*

> I hope that the minister is not going to leave us in the position we are in now.

We are currently operating under a system of orderly marketing under the Canadian wheat board.

We must be realistic about conditions that exist in the Canadian grain picture. Owing to three successively large crops we have unprecedented stocks of grain. The Minister of Agriculture (Mr. Gardiner) has said that a large stock of grain is a very good thing for Canada and that the government is following the policy of storing the grain for future use.

With orderly marketing our present surplus can gradually be fed to world markets and will in time be sold. Take, for example, the very low grades of 1951 with which, I believe, the Canadian wheat board did a creditable job.

The minister said that we were pursuing a policy of storing grain in Canada, but we are storing that grain at the expense of the farmers of Canada on the farms of Canada. If the government wishes to follow a policy of that nature I think it should embark upon it realistically and advance methods which would allow the farmer to store that grain. It might be suggested that the high cost of building government terminals and public storage would put this out of the question, but what better place could one find to store grain than where it is currently stored, namely on the farms of Canada?

Under the policy which the government is now pursuing, of leaving the farmers with their unsold stocks of wheat, we have found the situation where the farmers are desperately short of cash for operating expenses. These expenses have consistently increased over the past ten years and we cannot for one moment assume, as I am afraid many do, that gross returns from a farm are in reality the net returns. In an earlier debate I calculated that the cost of production per wheat acre was in the neighbourhood of $17.75, not allowing for any return to the operator or his family or for the retirement of debt. With the inclusion of these factors it came to an amount in the neighbourhood of $25 per wheat acre.

On Monday, March 29, the Minister of Trade and Commerce (Mr. Howe) stated, as reported at page 3412 of *Hansard,* that the wheat board was in the process of making a final payment, and that it would be sufficient to take care of spring seeding requirements. The payment to the 250,000 permit holders in Canada of $58,282,438 meant that each farmer received $233. With that amount of money, the first that many farmers had received in four or five months, and in some cases much longer, the farmer is expected to feed and clothe his family; he is expected to pay interest on his borrowings at the bank; he is expected to pay his income tax; and he is expected to treat his seed for wire worm and other types of seed diseases at a cost varying up to 75 cents an acre. He is also expected to purchase his gas, oil, grease, and pay his repairs. It is obvious that the average receipt of $233 by farmers is sadly inadequate in meeting these requirements. At points fortunate enough to have a supplementary quota the farmers will be short of cash in the very near future, and will have used up their bank credits.

The shortage of purchasing power in the hands of farmers is having an effect on the rest of Canada. We have heard of the recession in the farm implement industry, in the automobile industry, and in other industries which supply goods and services for the Canadian people, and a great deal of the

responsibility for that recession can be attributed to the inability of Canada's major industry, agriculture, to obtain adequate purchasing power.

Therefore, Mr. Speaker, I am again requesting that this government consider making an interim payment on properly stored farm grains. The matter has been suggested before and did not receive very much consideration or sympathy. Conditions in western Canada are growing consistently worse, and immediate action is required in this matter. I am not asserting that all the farmers in western Canada require an advance payment on their grain, but there are many who do, the smaller farmers, for example, and those who have recently become established.

It would be a simple matter to have an inspection of the grain stored on the farms by the many P.F.A.A. representatives whom this Liberal government has so liberally scattered around Saskatchewan. If they were found to be incompetent, the grain agents of the elevator companies could be bonded to carry out an inspection of farm stored grain.

Once the authorities were assured that there was an adequate supply of grain properly stored on the farm, they could make a cash advance of 75 cents a bushel on a maximum of 2,000 bushels. That figure of 75 cents would be approximately half of the amount for which the government hopes to sell the wheat, and I do not see how there could be any chance of the government losing in that regard.

If each of the 250,000 permit holders in Canada took advantage of the opportunity to borrow $1,500—and evidently the constituents in the riding of the hon. member for Lisgar (Mr. Pommer) who has just spoken are in no need of the advance because as he has just said, everything there is rosy because of the policies followed by the Liberal government—it would reduce this figure somewhat, and if all the permit holders took advantage of the opportunity the maximum loan would be $272,500,000.

Now the cost to the government of this loan would be in terms of the interest rate only, and the government should be able to obtain a short term loan at two per cent which would give us a figure of $5,450,000 which would be the cost of implementing a program of interim payments on farm stored grain. In other words, the cost of putting nearly $300 million purchasing power into the hands of the farmers would be less than the amount required to move the national film board to Montreal. It would amount to, I believe, just one-eighth of one per cent of our gross budget, and since the money that the farmers receive would in turn be put into circulation, it would give an impetus to those industries which service the agricultural industry and which are now suffering a recession, and it would reduce unemployment.

In the month of February of this year the government paid out the sum of $30 million in unemployment insurance benefits. But $300 million of purchasing power in the hands of the farmers would increase employment and reduce this figure, so in effect it would cost the people of Canada nothing to implement a program of interim payments on farm stored grain.

I mentioned the farm implement industry, and this is another phase of our western economy with which I would like to deal. In a period when farm income is on the downward trend we can give consideration to the problem in two ways. We can concern ourselves with mechanisms to increase the receipts of the agricultural population and these mechanisms could take the form of guarantees and floor prices which could be extended to livestock products. The other approach is to give consideration, as the Minister of Finance (Mr. Abbott) recommended in his budget, to maximum efficiency, in that way reducing the costs of production of the farmers in western Canada.

As is the case with other industries, farming has become highly mechanized. In 1830, prior to the invention of the reaper and the steel plow, it required 55·7 man-hours to produce one acre of wheat. In 1896, with the development of the horse-hauled binder, the man-hours were reduced to 8·8, and again, with the development of the small tractor and tillage implements, to 3·3 in 1930. Today it requires about one and one-half man-hours to produce one acre of wheat. These figures I am quoting were taken from the *Financial Post* of two years ago. It is apparent then that there has been a transfer of labour from that directly involved in agricultural production to that supplying the goods and services required by farmers and servicing the products of the farm. With this high degree of mechanization a farmer is in a position where he must have the most modern and efficient equipment if he is to exist. If he fails to keep pace with his neighbours and to effect the various economies that are necessary for maximum efficiency, he will end up in a position of bankruptcy and will be bought out by a more efficient operator.

As evidence of this fact, purchases of farm machinery in Saskatchewan increased from $142,754,400 in 1941 to $525,644,660 in 1951. The machinery requirements of the Saskatchewan farmers increased from $2 to $9 per acre as an over-all average in this

period. The select committee on farm implements of the Saskatchewan legislature of 1952 determined that the machinery investment ranged from $37.27 per acre for a 160-acre farm to $13.10 for a 640-acre farm to $8.29 for a 2,000-acre farm. We must at the same time be aware of the fact that mechanization is far from complete and that much of the equipment in Saskatchewan is in need of replacement. It will be noted that I quoted figures for the past few years in terms of dollars, and I do that as a background to the claim that farm machinery prices are out of all reason.

The farmers of Saskatchewan—as well as the farmers in the other provinces of western Canada and Ontario; in fact the farmers all over Canada—are in the position of having no alternative to buying machinery, and the machine companies are taking advantage of this fact. The cost of one-way discs, harrow plows and tiller combines at the plant increased from $163.35 in 1943 to $329.86 in 1949 to $473.43 in 1952. The costs of this composite line of machinery at the factory level increased nearly 350 per cent in that nine-year period. The costs to the farmer would increase even more because of the increase in the freight rates and the increase in handling costs. With current freight rates, the charges in many cases are 10 per cent of the final cost of the machine delivery to points in western Saskatchewan.

The problem of the high cost of farm machinery is not a new one. It has been the subject of Saturday night conversation for many years on the street corners in all of the towns in western Canada. The matter was thoroughly investigated by a special committee of this house in 1936 and 1937. The high costs were dealt with by a select committee of the Saskatchewan government in 1939 and again in 1952. It is apparent that the recommendations of these various committees have fallen on deaf ears or it would not be necessary to bring the matter up again at this time.

At page 420 of the *Journals* of 1937 it is stated:

> The companies having during the depression years maintained relatively their price levels, the committee suggests that now they are approaching a period of normal or above normal volume of production and sales, the companies can well afford, comparatively and actually, to lower their prices and still make satisfactory financial returns, because of the great savings in overhead per unit of production. This policy would be of particular benefit in the period in which the farmer is making the necessary replacements.

At this period of time in 1936 and 1937 there was a severe depression in Saskatchewan, and farmers were consequently unable to purchase farm machinery. As the crop failure years passed away the war took over, and the farmers were still unable to purchase equipment. Hence there was a terrific backlog of demand in the post-war years. The high cost of farm machinery in these post-war years has been a deterring influence, and there are many farmers who are still in dire need of new and more efficient farm machinery.

The select special committee on farm implement prices and distribution in Saskatchewan of 1939 had this as one of their conclusions:

> The committee is of the opinion, therefore, that the reasons advanced by the companies as justification for increased prices cannot be supported, and finds, as did the Ottawa and United States inquiries, that prices are substantially higher than they should be.

The select special committee of the Saskatchewan provincial government in 1952 would, without a doubt, have reached the same conclusion. In fact, I think it is fair to say that the failure of the major implement companies to co-operate with that committee would be evidence of guilt.

The high price of farm machinery did not stop with 1952. The index of farm machinery prices rose from 189·2 in August, 1951 to 198 in August, 1953; that is an increase of 4·7 per cent. In this same period the index of commodities and services used by the farmers increased by only 1·8 per cent. Today, in spite of the increase in technology and of all the developments in manufacturing techniques and production line assemblies, we have a persistent and regular increase in the price of farm machinery.

The machinery companies make the claim that it is the high cost of wages and material that has been solely responsible for the increase during the past ten years or so. We cannot deny that increases have taken place, particularly since the price controls were removed by the Liberals, aided and abetted by the Conservatives. Out of fairness to labour it should be pointed out that the net value of production for each dollar paid out in wages has increased from $1.46 in 1946 to $1.75 in 1951. In other words, in 1946 the average worker in the farm implement industry earned $1,735 in wages and produced $5,476 worth of goods. In 1951 the average worker earned $2,947 in wages but he produced $12,159 worth of goods.

I am not trying to make the claim that the costs of materials and labour have not been partly responsible, but there is one other factor that is more significant in the increase in the cost of farm machinery, namely the profits enjoyed by the major machine industries. From 1946 to 1951 there was an increase in gross sales of 122·1 per cent

whereas in this same period the profits, before taxes, increased by 223·6 per cent. I know that this will be denied by a maze of figures and statistics from the large implement companies. In fact, they will probably come out with figures to show that they are losing an equivalent amount. It is obvious that at least some of the companies are not losing too much when we find a major implement company in Canada buying out the Ferguson company and putting itself in a position of leadership in Canada, and in a position where it could monopolize the production of many lines of machinery.

The select special committee to investigate the farm implement industry in Saskatchewan in 1939 concluded that the price structure in Canada is not decided on a cost plus a reasonable profit basis, but on a basis tacitly at least agreed upon by the leaders of the industry. This committee further concluded that the price of each comparable implement is fixed at approximately the same amount by the companies manufacturing such implements. The Ottawa committee made this finding:

> The committee is of the opinion, as a result of the above finding, that there is competition in the matter of securing sales but little or no effective competition in the matter of prices as between companies.

With the increase in the selling price of farm machinery the commission received by the dealer is naturally going to increase since it is computed on a percentage basis. The competition at the retail level is therefore quite keen. The dealer finds himself forced to give more than the true value for used trade-ins in order to effect a sale. Right now the yards of the implement dealers in western Canada are loaded to a worrisome capacity. In most cases the dealer has offered much more than the true value in an effort to attract some business. The small implement dealer is not the one who should accept the responsibility for initiating competition. This should rest with the manufacturer.

The implement dealers play a very important part in the agricultural life of western Canada and it is generally agreed that it is only fair that they should be allowed a fair return on their investment and labour. Generally speaking, there is no group supplying a service to agriculture that accepts that responsibility as conscientiously as do the implement dealers. During the busy season their businesses are open at all hours of the day and night, and I know of many instances where implement dealers have worked all night to repair a combine that has choked on a good-sized stone or a tractor motor that has a connecting rod through the side. Many implement dealers are playing an important part in relaying technical information to the farmers. They act as a liaison between universities and the agricultural industry.

The royal commission on price spreads of 1934 found that the price of repair parts was out of line with the costs. At that time the selling price of a machine made up of repair parts was 173·2 per cent of the cost of the new machine. The Saskatchewan report of 1939 states:

> Companies fixed retail prices of repair parts at a mark-up of 60 per cent of the factory cost in excess of the mark-up on a completed farm implement.

This would work out to an average mark-up of 80 per cent. Part of this is due to lack of standardization. I know of many pieces of equipment that use almost identical bearings at different parts in the machines, and standardization would mean that the implement dealer would be able to get by with a smaller stock. May I also point out so far as repair parts are concerned that the part number is either stencilled on or cast in the metal. When a part is broken it is in many instances greasy and dirty and many times the pieces are not recovered. When the implement dealer orders a repair part from the divisional point and the wrong number is given the implement dealer is expected to throw the part under the bench and keep it in his stock with no hope of utilizing it and try to recover the cost of that operation from his other sales. I would suggest that the companies allow their dealers to return unused stock at periodic intervals.

It is apparent from the brief outline I have given of the farm implement industry that there is a severe lack of competition, that the implement companies are operating for the purpose of making the maximum profit and without consideration for the provision of service to the farmers of Canada. I would therefore suggest to the Minister of Justice (Mr. Garson) that he put his anti-combines legislation into action against this target and determine the degree of price fixing there is in the farm implement industry. Failing that, I would request that the government establish another committee to investigate the farm implement industry in order to determine why the price of farm machinery is out of all reason.

I have pointed out that it is obvious that the government should initiate a policy of interim payments on farm stored grain to this very important section of the economy. As I have pointed out, it is particularly required by those starting to farm under the Veterans Land Act and by those commencing any type of farming. It is also required by those who followed the advice of the government last

year. The government said that next year after the election things were going to be better than they were then, that there was nothing to worry about and they should go ahead and spend their money. The farmers who followed the advice of the Liberal campaigners are some of those who are in need of an interim payment on farm stored grain. This would help the Canadian economy generally. Surely if the gold mining industry is worth a subsidy of approximately $15 million the agricultural industry is worth one-third of this amount, and the government would probably get it back through various benefits to other industries.

I have shown that production costs must be reduced. I have demanded an inquiry into the farm implement industry, but such an inquiry should not stop there. There should be an investigation into high freight rates, the high cost of fertilizer and other factors that contribute to the highest cost of production that western agriculture has ever experienced.

(Translation):

Mr. Wilfrid LaCroix (Quebec-Montmorency): Mr. Speaker, I have already made known my attitude on the subject of the deductibility of the provincial from the federal income tax; this was on March 24, before the budget was brought down. Following the budget speech, the chamber of commerce of the district of Montreal, in an editorial published on April 19 in *Commerce-Montreal*, made the following statement on this subject:

> In other words, it is no longer a question, as it was last year, of freedom, of a complete absence of pressure. A province has to sign an agreement or feel the pressure of its taxpayers who have to pay higher taxes than those of other provinces.
>
> Viewed in that context, one really wonders what is meant by the invitation made by the federal Minister of Finance to the premier of Quebec, asking him to come to Ottawa to submit proposals. Let us not forget that within the framework established by the federal government, such proposals can only deal with the renting of taxation fields from Quebec for a consideration. Any other proposal is eliminated. There can be no question of a greater deductibility than that which has been recognized. It has been refused. There can be no question of compensating the taxpayer in proportion to the amount that the province would derive from the renting of its taxation fields. Such compensation is refused. What then?
>
> Why not give the province of Quebec to understand that its representations would not be in vain?

I am entirely of that opinion, but I do hope, having heard the rather conciliatory remarks made by the right hon. Prime Minister (Mr. St. Laurent) whose tone was entirely different from that of the Minister of Finance (Mr. Abbott) that, sooner or later, a solution may be found, as in the case of the Quebec corporations. After all the federal treasury cannot indefinitely resist the just and reasonable claims of the people of my province.

In view of the statement made by the Minister of Finance in this house, on May 4, in answer to a question put to him by the Leader of the Opposition, and according to which a vote for the budget was a vote against the deductibility of the provincial tax, and in view also of the fact that no account is taken of the deduction of the provincial tax in the budget as it now stands and that the principle of non-deductibility is therefore at stake therein, I will vote against its adoption since to act in any other way would mean that I am approving the government's refusal in this connection.

(Text):

The house divided on the motion (Mr. Abbott) which was agreed to on the following division:

YEAS

Messrs:

Abbott	Garland
Anderson	Garson
Applewhaite	Gauthier (Lake St. John)
Ashbourne	Gauthier (Nickel Belt)
Balcom	Gauthier (Portneuf)
Batten	Gingras
Benidickson	Gingues
Bennett (Grey North)	Goode
Blanchette	Gour (Russell)
Boisvert	Habel
Boivin	Hanna
Bonnier	Hardie
Boucher (Restigouche-Madawaska)	Harris
Bourget	Healy
Bourque	Hellyer
Breton	Henderson
Brisson	Henry
Brown (Brantford)	Hollingworth
Brown (Essex West)	Hosking
Bruneau	Houck
Buchanan	Howe (Port Arthur)
Byrne	Huffman
Cameron (High Park)	James
Campney	Kickham
Cannon	Kirk (Shelburne-Yarmouth-Clare)
Cardin	Lafontaine
Caron	Langlois (Berthier-Maskinonge-Delanaudiere)
Cauchon	Langlois (Gaspe)
Cavers	Lapointe
Chevrier	Leduc (Gatineau)
Clark	Leduc (Jacques Cartier-Lasalle)
Cloutier	Leduc (Verdun)
Conacher	Lefrançois
Crestohl	Legare
Croll	Lesage
Dechene	Lusby
Decore	MacDougall
Deslieres	MacKenzie
Dickey	MacNaught
Enfield	McCann
Eudes	McCubbin
Eyre	McCulloch (Pictou)
Fairey	McDonald (Parry Sound-Muskoka)
Follwell	McIlraith
Fontaine	
Forgie	
Fraser (St. John's East)	
Gardiner	

McIvor
McMillan
Maltais
Mang
Masse
Meunier
Michaud
Monette
Murphy (Westmorland)
Nixon
Philpott
Picard
Pickersgill
Pinard
Pommer
Power (Quebec South)
Proudfoot
Prudham
Purdy
Ratelle
Reinke
Richard (Ottawa East)
Roberge
Robichaud
Robinson (Simcoe East)
Ross
Roy
Schneider
Shipley, Mrs.
Simmons
Sinclair
Smith
Stick
Stuart (Charlotte)
Tucker
Valois
Viau
Villeneuve
Weaver
Weir
Weselak
White (Waterloo South)
Winters
Wood—136.

NAYS

Messrs:

Aitken, Miss
Argue
Balcer
Barnett
Bell
Blackmore
Blair
Brooks
Bryson
Cameron (Nanaimo)
Campbell
Casselman
Castleden
Charlton
Churchill
Coldwell
Dinsdale
Dufresne
Fairclough, Mrs.
Ferguson
Fraser (Peterborough)
Fulton
Gagnon
Girard
Green
Hahn
Hamilton
Hansell
Harkness
Herridge
Hodgson
Holowach
Johnson (Kindersley)
Johnston (Bow River)
Jones
Knight
Knowles
LaCroix
Leboe
Lennard
Low
Macdonnell
MacLean
McGregor
McLeod
Michener
Montgomery
Nicholson
Nickle
Noseworthy
Pallett
Patterson
Pearkes
Perron
Poulin
Quelch
Regier
Rowe
Shaw
Stanton
Starr
Stewart (Winnipeg North)
Thatcher
Thomas
Trainor
Tustin
White (Hastings-Frontenac)
Winch
Yuill
Zaplitny—70.

Mr. St. Laurent: It is because of the absence of the Leader of the Opposition (Mr. Drew) that I abstained from voting. Otherwise, I would have voted for the motion.

WAYS AND MEANS

The house in committee of ways and means, Mr. Robinson (Simcoe East) in the chair.

The Chairman: We shall now deal with the Excise Tax Act.

Excise Tax Act

EXCISE TAX ACT

Resolved, that it is expedient to introduce a measure to amend the Excise Tax Act and to provide, among other things:

1. That the excise tax on the following goods be repealed: (a) furs; (b) electrical appliances adapted to household or apartment use, namely: blankets; chafing dishes; coffee makers; curling irons or tongs; dish washers; food or drink mixers; food choppers and grinders; floor waxers and polishers; garbage disposal units; hair dryers; irons and ironers; juice extractors; kettles, portable humidifiers; razors and shavers; toasters of all kinds; vacuum cleaners and attachments therefor; waffle irons; (c) firearms and complete parts thereof and ammunition; (d) golf clubs and golf balls; (e) fishing rods and fishing reels; (f) cameras, camera lenses and unexposed photographic films and plates; projectors for pictures; (g) trunks; suitcases; bags and luggage of all kinds; purses; wallets; billfolds; key and card cases; handbags; jewel cases; dressing and toilet cases; shopping bags; golf and other sports bags; (h) coin, disc or token operated vending machines.

2. That the excise tax on the following goods be reduced from fifteen per cent to ten per cent: (a) articles, materials or preparations of whatever composition or in whatever form, commonly or commercially known as toilet articles, preparations or cosmetics, which are intended for use or application for toilet purposes, or for use in connection with the care of the human body, including the hair, nails, eyes, teeth, or any other part or parts thereof, whether for cleansing, deodorizing, beautifying, preserving or restoring, and including shaving soaps and shaving creams, antiseptics, bleaches, depilatories, perfumes, scents and similar preparations; (b) motor cycles and all other two or three-wheeled motor driven vehicles including motors for attachment to bicycles; (c) devices, commonly or commercially known as lighters; (d) coin, disc or token operated games or amusement devices of all kinds; (e) ash trays; tobacco pipes; cigar and cigarette holders; cigarette rolling devices and other smokers' accessories; (f) fountain pens; ball-point pens; ink pencils; propelling pencils; desk sets and all other desk accessories; (g) matches; (h) tires and tubes in whole or in part of rubber for self-propelled machines or automotive vehicles of all kinds; (i) clocks and watches; (j) articles of all kinds made in whole or in part of ivory, jet, amber, coral mother of pearl, natural shells, tortoise shell, jade, onyx, lapis lazuli, or other semi-precious stones; (k) articles commonly or commercially known as jewellery, whether real or imitation, including diamonds and other precious or semi-precious stones for personal use or for adornment of the person; goldsmiths' and silversmiths' products; pewter ware; (l) articles of cut glassware, crystal glassware, cut or not, etched glassware, or metal decorated glassware; (m) articles of china, porcelain, earthenware, marble, stoneware, or other pottery ware; (n) carbonated beverages, aerated waters, unfermented fruit juice beverages and imitations thereof and all other compounded or mixed soft drinks and all mixtures or products advertised or sold for making soft drink beverages or imitations thereof whether sold in liquid, concentrated or in dry form; (o) candy, chocolate, chewing gum and confectionery that may be classed as candy or a substitute for candy.

3. That the excise tax on carbonic acid gas and similar preparations be reduced from twenty-five cents per pound to fifteen cents per pound.

4. That the sales tax on the following goods be repealed: (a) oil and gas burners and stokers for

use with furnaces for the heating of buildings; (b) coal crushers and stokers for use directly in the manufacture or production of goods; (c) equipment sold to or imported by municipalities for their own use and not for resale, at a price in excess of one thousand dollars per unit, specially designed for use directly for road making, road cleaning or fire fighting, but not to include automobiles nor ordinary motor trucks; (d) wall panels for use in buildings and materials for use in the manufacture of such panels; (e) drain tile not exceeding four inches in inside diameter and twelve inches in length; (f) sheet music and materials used in its manufacture; (g) hearing aids and parts therefor including batteries specifically designed for use with such hearing aids.

5. That provision be made to require the payment of sales and excise taxes on all products packaged and sold as lighter fluid.

6. That provision be made to require the payment of sales and excise taxes on the packaging used to contain goods subject to these taxes and on any other articles packaged with them whether the goods are imported, or are manufactured or produced in Canada.

7. That provision be made to ensure that machines and tools for operation by tractors are not included as accessories therefor in the prevailing exemption from sales tax.

8. That any enactment founded upon this resolution be deemed to have come into force on the seventh day of April, nineteen hundred and fifty-four.

Mr. Macdonnell: Mr. Chairman, we now come to sample the meal, the compulsory meal put before us four weeks ago by the Minister of Finance. It is very interesting to observe that apparently inside this chamber there is the same enthusiasm for this budget as there was four weeks ago, though even here I do not judge it entirely by the noise. We often say that the proof of the pudding is the eating of it, but I suggest it is not pudding we are getting here but just a dry crust to crunch. However much satisfaction the minister may get out of the applause, when we look to the country we do not find the same enthusiasm. I wish to spend a moment or two, Mr. Chairman, in trying to assess—

The Chairman: Order. I am extremely sorry to interrupt the hon. member, but I must ask hon. members of the committee to maintain silence while the hon. member has the floor.

Mr. Macdonnell: Thank you, Mr. Chairman. I realize how dull it is, but hon. members can sympathize with me and know that it is worse for me than it is for them.

I want to spend a moment or two in trying to assess, with the experience of four weeks behind me, just what this budget has done and has not done, and I wish to draw attention very briefly to some of the views which have been expressed as to the adequacy of the proposals which have come before us.

I read very briefly from the *Globe and Mail* of April 8, which says that cuts in the budget are mere "nicks", and says that the minister confined them to a few commodities in the luxury and semi-luxury class. The writer of the same article, speaking of the Minister of Finance says: He and his advisers are men of little faith.

In a way, they have reason to be, for they have a tiger by the tail—the tiger of remorselessly progressive expenditure.

I go on to read from the Ottawa *Journal.*

Mr. Benidickson: I do not want to interrupt the hon. member's speech, but I do recall that when the hon. member was making his major address on the budget and was attempting to do the very same thing, the Speaker, who was then in the chair, said that the rules did not permit the member to read editorials from outside the house reflecting on or expressing opinions about the conduct inside the house.

Mr. Macdonnell: I remember very well that the Speaker took me to task, but I thought at that time it was merely because I was seeking to read at some length expressions of views. Here I wish merely to quote a few brief phrases just indicating the general discontent which we find throughout the country. I go on, Mr. Chairman, as I say, to read very briefly from the Ottawa *Journal* of April 7:

It will be a long time, if ever, before the man in the street feels substantial effects from sales and excise tax cuts.

And then the Calgary *Herald* of April 8 refers to a few small crumbs tossed his way, referring to the citizen, in the form of reduced luxury and excise tax, and then in an editorial entitled: "Encore Not Demanded" the Sydney *Post* speaks of the government sitting tight and fixedly hoping for the best. The St. Catharines *Standard* of April 17 says:

It takes a little time to get the hang of the budget, and some late discoveries reveal window-dressing which invites ridicule, if nothing worse. There is to be no tax on curling irons, about as much in general use now as the old moustache cup.

Mr. Benidickson: In the speech of the hon. member to which I referred a moment ago, he quoted from three editorials, and the Speaker said that was not in order. The hon. gentleman said that he had read all that he wanted to read anyway and was quite content to dispense at that point. We have had more than three at this time, and I wonder what your ruling is, Mr. Chairman.

Mr. Ferguson: Would you mind making a ruling?

The Chairman: Order. I think the—

Mr. Ferguson: There is only one Speaker in the house.

The Chairman: Order. Perhaps the point of order which has been raised by the parliamentary assistant could be based on citation 306 of Beauchesne's second edition, which I might read to hon. members of the committee.

It is not in order to read articles in newspapers, letters or communications emanating from persons outside the house and referring to, or commenting on, or denying anything said by a member or expressing any opinion reflecting on proceedings within the house.

I have been listening to the extracts which have been read by the hon. member for Greenwood and up to this stage I do not think he has transgressed citation 306.

Mr. Macdonnell: Thank you, Mr. Chairman. Anyway, the parliamentary assistant will be glad to know that I am nearly through. There is one from the Toronto *Star* that probably he would particularly like to hear.

In its general application, the sales tax continues at 10 per cent, and is the worst tax which Canada imposes.

Then, I have one final quotation from the Toronto *Star* of April 23:

The $40 million tax cuts in the recent federal budget, while distributed over a broad range of items, will probably have "little discernible effect on the economy at large, either in lower prices or higher profits," the Bank of Montreal said in its business review.

Again we have this further quotation from the Bank of Montreal review:

The budget was notable not so much for the changes that were made as for the changes that were not made.

I should like now to make a comparison, Mr. Chairman. It has been referred to in the house already, but I want to dwell on it a little, and that is a comparison of the microscopic reduction in taxes that we have got, and incidentally no reduction in expenditure at all, with what has happened in the United States. I am informed that there has been a reduction of $7 billion for this year from Truman's estimate for the year. On that basis, if one divides by say twelve, which I think is a rough and ready figure, it would mean that we should have a reduction in this year of something like $600 million instead of $36 million. I think that gives us something to think very earnestly about. I ask the question why our reduction is so small. I think the answer is very simple. There is no sense of urgency in our government in regard to reduction.

Now, economy is not an easy thing and we all know that. But I would like to again emphasize this lack of urgency. The minister has grown accustomed over the years to what he has called "buoyant" revenues. We were able to spend, and spend and still have surpluses. It was a jolly life, while it lasted. After all, Mr. Chairman, no one likes an economizer. He is usually a lantern-jawed fellow with perhaps a Scottish Presbyterian background and people avoid him because they think that is not going to be the kind of fellow they will like. They do not like economy. On the other hand, they like a spendthrift. They like a jolly fellow, ruddy and probably a little full in the face, with nice pleasant easy manners who makes the spending of money attractive. And that is the kind of thing that people come to like.

Mr. Rowe: That side of the house is full of them.

Mr. Macdonnell: As far as I can see we are going to go on like that until something happens to change it. Spending your way through is much more pleasant for a lot of people than saving, particularly for those who have the most to say. The truth of the matter is that we have been on a huge spending spree or jag and it will go on as long as the taxpayers allow it. Of course, the government can argue that the taxpayers, by their action last August, did allow it. I suppose they might even argue that the government has a mandate to spend. That may be for the moment, but on the other hand perhaps the day will come when people will begin to suffer from this and the taxpayers will take a different view.

However, the government goes ahead, and the minister has estimated a tiny surplus which is really no surplus at all. He was in his usual optimistic mood. Nevertheless, he admitted his budget was based on an optimistic estimate. If you had the present situation in a private business people would be on their guard. They would be preparing for possible eventualities. They would not bet their whole future on the continuation of a boom. After all a private company has to take precautions of that kind and even a public corporation is in the same position.

In this morning's *Gazette* there was a reference to a very substantial falling off in the gross revenues of the C.N.R., but to their credit there is also a very substantial falling off in their expenses, and indeed it is almost as great.

We have a surplus estimated but it is a tiny surplus; as I have said before, you could put it in your eye. If you had a situation of that kind in a private corporation the management would begin to take action. The difference in public affairs is that you always have the taxpayers' pocket available and you can always borrow if necessary, and so it goes on. Over the past 15 years the government has become accustomed to living in a boom. There is no sign that they think the situation has changed. The minister admitted

the possibility of it, but he is really betting on the return of the boom. That, in plain words, is what we are doing.

At page 3727 of *Hansard* the minister, after having referred previously to the situation in the United States, was reported as saying:

> My general conclusion is that our national products in 1954 will be at least equal to 1953, and probably higher; in other words I think that an upswing in the second half of the year will more than compensate for the declines that are evident in certain branches of industry at present.

That is what we all hope, and perhaps it will come true. But in private business they would not rely wholly on that. They would have to take steps to deal with the situation. The government, as I have said, is betting on a boom. We are all familiar with one hackneyed quotation from that famous character Micawber. I have got one which is not quite so familiar and which I think is worth while bringing to the attention of the house. It is the opinion of Mrs. Micawber about her husband and, as will be indicated in the quotation, these were the days when people went to prison for debt. This is what she says:

> I have known him come home to supper with a flood of tears, and a declaration that nothing was now left but a jail; and go to bed making a calculation of the expense of putting bow-windows to the house, "in case anything turned up" which was his favourite expression.

Now, Mr. Chairman, I suggest that we are living in that same sense of fancied security and just hoping everything will be all right. Just hoping—and taking no steps.

We get an increase in expenditure across the board and the minister comforts himself by saying that he thinks all will be well. It is a kind of "Rake's Progress"—a very nice rake, of course—and it can turn out to the great disadvantage of this country.

As I have already pointed out, there can be no economy without a sense of urgency, but if you have a sense of urgency then, as we have seen in the United States, remarkable things can be done. Hon. members will recall that old music hall catch "Where there is a will there are three ways." Well, we have not even found one of the ways, and it is about that that I now complain. Everyone knows there is extravagance. I myself have previously referred to the fact that there are 55 economists in the Department of Agriculture. I took some trouble to get some ideas as to what these economists do.

The Deputy Chairman: Order. The hon. gentleman is causing me just a little worry and I think perhaps in fairness to the committee and to the hon. member who now has the floor I should raise this question at this time. I am of the opinion that the government's financial policy, particularly with respect to spending and charges of extravagance and so forth, should be dealt with on the general debate on the budget. But we are now in committee of ways and means and standing order 58, paragraph (2), states:

> Speeches in committee of the whole house must be strictly relevant to the item or clause under consideration.

The item now under discussion is the Excise Tax Act and I am going to suggest to the committee that it would be unreasonable for the chairman to prevent any hon. member who is addressing the committee to lay a foundation of general policy for the remarks he wishes to make. However, I believe it is my duty to the committee to ask the hon. member to come to the Excise Tax Act. I am not trying to control the committee too rigidly because I understand this is the first time in the committee during which hon. members have had an opportunity to discuss the budgetary measures now before us. But I am suggesting to the hon. member, and I think he will agree with me, that he should now turn his attention to the item before us. He has every right to lay a ground for attacking the proposals under the Excise Tax Act but that is what I must ask him to do at this time.

Mr. Macdonnell: Mr. Chairman, with all due deference I somehow sensed that incidents of this kind might arise and I fortified myself as far as I could by making inquiries in what I thought were well informed circles, certainly better informed than I, and I was informed that it was clear that in beginning to discuss this resolution which, after all, contains the whole or most of the tax reductions we are getting, it would be relevant to refer to tax reductions as a whole and to indicate how small they are and give one or two illustrations after criticizing them and indicate why I think they might have been larger. I do not propose to go into this matter at any length. Indeed I think I have only one illustration I want to give. Then I see in my notes in large letters, Mr. Chairman, that I come next to the "details of reductions".

The Deputy Chairman: Perhaps the hon. gentleman will permit me just to say this. I am sure that he will co-operate. If we permit him to discuss matters and if we have speeches which would require an answer, we are likely to find ourselves debating the subject matter of the hon. member's speech and not the subject matter of the resolution before us. It is that situation which I was trying to avoid.

Mr. Macdonnell: I think what I am going to say will be so convincing that there will not be any answer at all. I just wanted to make a reference to the expenditure of the Department of Agriculture which has 55 economists. I tried to find out what they do, and I want to read just one short extract showing the kind of thing they do because it seemed to me to be doubtful that it would be very useful to the ordinary farmer. I have here a pamphlet entitled "The Influence of Prices on the Relative Consumption of Beef and Pork". It is published by the Canada Department of Agriculture and is dated Ottawa, June, 1953. At page 7 there is a technical appendix in which appears the following:

> The assumptions of the analysis are:
> 1. The consumption ratio of beef to pork will vary inversely with the price ratio.
> 2. A given absolute change in the price ratio will not produce a constant absolute change in the consumption ratio. The amount of change will vary with the general level of the price ratio.

Then I go on to read one short paragraph which I hope will make all this clear to members of the committee because, up to the present time, I have not understood it very well. Here is what we find:

> When the ratios are plotted the result is a curve with constantly decreasing slope, very noticeably concave upwards. If X_1 is the consumption ratio and X_2 the price ratio—both expressed as percentages—the general equation of such a curve is
>
> $$X_1 = CX_2^b$$
>
> where C and b are constants, the latter being negative.

I read only that short extract, Mr. Chairman. I do not know how widely this pamphlet is distributed. I propose to return to this matter when we reach the estimates of the Department of Agriculture. It may be that that pamphlet goes only to a few experts who are capable of understanding it, something which I am not capable of doing. It occurred to me that that is one of the things which happens when you feel that there is lots of money and that you can just spend your way through.

I now come to the details of the reductions and I ask the question: What principle was arrived at in reaching these reductions? Was it on the basis of necessities or luxuries? I shall just read a few, Mr. Chairman, and I hope I am well within the mark now. I will just read these few: Furs, electrical appliances, firearms, golf clubs; then I go on and I read: coin, disc or token operated games, ash trays, fountain pens, and so on. To refer briefly to one, namely furs: Are they a necessity or a luxury? The minister told us the other day, after a speech he had made in Toronto, that he had been convinced by a very eminent authority, namely his wife, that actually furs were necessities. However, I feel that that conviction arose after the budget and not before it. Now we come to firearms and complete parts thereof. I suppose they are used by two classes of people, namely sportsmen and gangsters. To gangsters I suppose they are a necessity but to sportsmen I take it that they are luxuries. And so it goes as we come to golf clubs, fishing rods and the others. My conclusion is that these results have been arrived at not on the basis of necessities or luxuries or on the basis of the greatest good to the greatest number but rather on the basis of the least good to the greatest possible number; in other words to spread it out as far as possible; in other words, to appeal to as many voters as possible. The principle seems to be the least good to the greatest possible number. That is the only principle that I have been able to discover in this list.

I should like to draw attention to one or two of the figures here; and when I am doing that I should like at the same time to draw attention to the increase in expenditure that has been going on. For example, let us take electrical appliances by way of illustration. We find that $5 million of the $33 million reduction is on electrical appliances. In passing I just point out that at the same time that is going on, the expenditure in agriculture proposed for this year is $76 million, roughly, which is up about $1,700,000. I come down to the small item of matches, which is $300,000. I mention at the same time that the Canadian Broadcasting Corporation expenditure is to be up from $8 million to $23 million. I think there is a special reason there because I think a special earmarked tax, which we objected to a year ago, has yielded a good deal more than it was expected to yield. Therefore that figure—and I want to guard against any comeback on that matter—perhaps is, in a sense, accidental; but there it is. We have $15 million up there against a reduction of $300,000 that I just mentioned a moment ago. Then we come to candy and chewing gum. That is one of the large items—nearly $4 million—at the same time the expenditure of the transport department is up about $15 million. I do not think I need to take further time on this matter, Mr. Chairman. I just wish to point out that this microscopic $33 million reduction is all that we are getting to assist us at the same time that expenditures are going up, up and up.

I should now like to hasten to a conclusion. I should like to point out that we have to deal with these trivialities—because that is all they are—when big questions have received no answer. We are told on all hands that high

costs of the things we produce may cause us great embarrassment in selling. Yet we go on collecting $1,200 million or more in corporation taxes. These taxes raise costs and make the difficulty of selling just that much greater. All that the minister has to say is to admonish the people who are in business that they must sharpen their pencils and do a better job. But no example is given by the government. I recall to my mind the words used somewhere in Shakespeare: "I could easier tell twenty what was good to be done than to be one of the twenty to follow my own good advice." I think that statement is true in the case of the minister.

We now have vivid, disagreeable and alarming evidence of the extent of unemployment because this very day we have had here representatives of the union of the unemployed. What a phrase that is that we have come to: the union of the unemployed. The union of the unemployed are here and yet nothing has been done. Nothing definite has been done with regard to unemployment. Indeed there has hardly been an admission by the government that unemployment is a serious problem. They are standing by and hoping that things will turn out all right. As I said a little while ago, it is the boom mentality. We are relying on things improving in the United States, although that improvement carries with it no guarantee that our problems will be solved because as we know—and I shall not take the time to reiterate it again—the United States in many ways competes with us; and the fact that things improve there will not necessarily solve our problem at all.

The plain fact is that in the years that have gone by we have regarded boom as normal. We have bewitched ourselves into feeling that in some mysterious way because we have got a lot of natural resources we will always have a market for them. We are getting most unpleasant evidences from time to time that there is only a market for them at a price. We are getting even more disturbing evidences that we can be undersold in our own back yard, as somebody put it, by foreign manufacturers. As I said a moment ago, the mere fact that conditions in the United States may improve is no guarantee that ours will.

Therefore I should like to comment on this resolution. The reductions, even though it is very difficult to find any principle on which they were arrived at, will be welcomed of course by the people for whom they are made, but they seem to me to be without any rhyme or reason except the possibility of pleasing the largest possible number of people. It does seem to me that the upshot of it all is that we are just toying rather aimlessly with a serious situation.

[Mr. Macdonnell.]

Mr. Knowles: Mr. Chairman, I noted at the start of today's discussion on this resolution that it was referred to by the chair as "a" resolution. It is not my purpose to revive the discussions we have had in former sessions on a point of order so far as voting is concerned, but for the purposes of discussion may I ask whether we are discussing the whole of the Excise Tax Act resolution or whether we are discussing it clause by clause or paragraph by paragraph. The reason I ask that question is that the points I want to raise relate mainly to clause or paragraph 4 and perhaps some others. In other words, if we are taking the resolution paragraph by paragraph I am prepared to let paragraph 1 go, but if in order to make comments on paragraph 4 I have got to make them at this initial stage I will have to govern myself accordingly.

The Deputy Chairman: I think this matter was given a little consideration before we went into committee today. I consider that I am bound by the decision—I think it may be called a decision—of the house of April 26, 1951, which I think is summed up by the remarks of the deputy chairman found at page 2434 of *Hansard* of April 26, 1951. The deputy chairman said:

> The hon. member was not in the house this afternoon when the matter was discussed as to whether or not the paragraphs of the resolution were to be discussed separately or as a whole. The decision was made by the house that they were to be discussed as a whole. Therefore what is now before the committee is not eight items or eight clauses. It is one resolution with eight paragraphs. Therefore there is only one item so far as the committee is concerned, and that is the whole resolution.

Accordingly, I think that I must permit discussion as members see fit upon anything which is included in the Excise Tax Act resolution now before us.

Mr. Knowles: I will not ask you, Mr. Chairman, what you think of that course of procedure, if we have no alternative but to follow it. I wish to ask the parliamentary assistant to the Minister of Finance a few questions relating more particularly to the sales tax or consumption tax which is included in this omnibus resolution. Can the parliamentary assistant say whether consideration was given to reducing the amount of the sales tax right across the board from its present total figure of 10 per cent to some lesser figure?

Mr. Benidickson: Yes, Mr. Chairman. Certainly the budget is preceded by a great number of meetings between the finance minister, several of the other ministers concerned and their officials, and this is a development that takes place over weeks, even months. There is at all times an examination of the merits

in a particular year of making a tax reduction, if one is possible, in one section or another. My hon. friend of course realizes that the particular tax to which he refers, the 8 per cent sales tax and the 2 per cent old age pension tax, yields a large amount of money. As I recall it, I think the 2 per cent tax accumulated almost $150 million last year. Therefore a 1 per cent reduction in the rate of the consumption tax, as my friend describes it, on the same items that are subject to tax at the present time means a loss of revenue of something in the nature of $75 million. One can thus appreciate that a tax reduction of that amount in this particular year would have resulted in a forecast of a deficit.

Mr. Knowles: I wish to express the view very briefly that it would have been better to reduce the sales tax right across the board than to remove the excise tax altogether from certain luxuries, as was done by the Minister of Finance in this budget. It does seem to me that the government is relying on the fact that people have become used to the sales tax and the government seems to have got away from any serious consideration of the possibility of reducing it substantially right across the board. In my view a 10 per cent hidden sales tax, that has as wide an application as this sales tax has, is a regressive form of taxation, and I regret that this year's budget did not include provision for a reduction in that sales tax.

May I now ask one or two questions under the general heading of the sales tax which relate to a more specific matter. Paragraph No. 4 of the resolution before us includes a provision for repeal of the sales tax with respect to equipment sold to or imported by municipalities for their own use and not for resale, at a price in excess of $1,000 per unit, specially designed for use directly for road making, road cleaning or fire fighting, but not to include automobiles or ordinary motor trucks. That of course is a welcome relief to municipalities so far as it goes, but I suggest that its relief and its application are indeed very limited.

In connection with the position of municipalities, I should like to ask the parliamentary assistant to comment on the fact that the regulations under the Excise Tax Act, dated April, 1950, include this section numbered 12:

> Where persons, firms or corporations produce printed, multigraphed or mimeographed matter for their own use, to a value of over $3,000 per annum, they are required to account for the consumption or sales tax on their total production of such goods. The tax is to be computed on the total cost of all materials, including electros, engravings, stereotypes, plus 220 per cent. The value of negatives, electros, engravings, stereotypes, half-tones, and other printing plates is to be included only once—

That is very kind of them.

> —in the value on which sales tax is to be calculated and not each re-run.

This regulation was drawn to my attention by one of the officials of my own city of Winnipeg. In drawing this to my attention it was pointed out that from my own experience, having once upon a time been a member of the council of the city of Winnipeg, I know there is a need for mimeographing a great deal of material so that it may be placed in the hands of the aldermen and others who have to work on it. It has been pointed out to me that if in preparing this material the officials simply used typewriters and sheets of carbon paper so as to produce carbon copies, they would pay only the 10 per cent sales tax upon the cost of the typewriter ribbons and on the cost of the paper and carbon paper that would be used. Obviously when a great many copies and a good deal of material has to be prepared that is a rather inefficient and expensive way to do it. The officials of the city of Winnipeg, therefore, like the officials of other municipal bodies, resort to the use of mimeographing machines.

But lo and behold, this regulation under the Excise Tax Act makes the provision that I have just read. It works out this way. If the city council of Winnipeg purchases mimeograph paper worth $1,100 and simply leaves it on the stock shelves the only tax that would be paid would be the 10 per cent tax. But if it is used for its own purposes, namely for the production of mimeographed documents, it works out this way. The sales tax item of $100 is first of all reduced, leaving the value at $1,000. But then there is added to that $1,000 for the purpose of computing the sales tax the amount of 220 per cent, so you add $2,200 to the $1,000 which gives you $3,200 as the figure on which the sales tax must be computed. It is then that the 10 per cent figure is brought into play, and 10 per cent of that amounts to $320. This sales tax of $320 has to be paid on an original purchase of $1,000.

When I started to give this example I believe I said we should assume the purchase of $1,100 worth of mimeograph paper. What I should have said was, assume the purchase of $1,000 worth of mimeograph paper plus the 10 per cent sales tax which would bring it to $1,100. It is from that point the deduction of $100 is made so that the much larger figure can be added. The result is, as I say, here is a sales tax of $320 that has to be paid on a purchase of $1,000. I do not believe the aldermen of the city of Winnipeg are particularly incapable of understanding things, but it looks to them as

though they are paying a 32 per cent sales tax on their mimeograph paper and mimeograph supplies.

When the Winnipeg officials have taken this matter up with the authorities to try to get an explanation, they have been given the explanation that if they had the material printed the sales tax that would be paid on all the plates and materials that went into the printing process would result in their paying a figure which would come to that amount. Surely a city council is not going to be asked to compare the mimeographing that has to be done for its regular meetings or for meetings of its committees, which has to be done very quickly and in many cases is just for temporary use, with the kind of material it is necessary to print in more permanent form. As has been pointed out to me, the whole purpose of resorting to the mimeograph process is to do a job that would normally be done not by printing at all but by the typewriter and by the making of carbon copies. It is an attempt to be more efficient and more economical that leads to the use of the mimeograph process rather than typing carbon copies.

The figure I have for a recent fiscal year in the city of Winnipeg suggests that the amount of tax that has to be paid is not going to break our city of Winnipeg. As a matter of fact it is the sum of $1,254.78. But it does strike the aldermen of the city of Winnipeg as a rather large sum to pay in taxes on mimeograph paper, especially when for all practical purposes it works out to a rate of 32 per cent. I should like to have the comments of the parliamentary assistant on that situation. I can hardly ask him to justify it, because I do not think it can be justified. I suppose he can give the explanation for this gouge, if I may call it that, that has been given to the city of Winnipeg, but more particularly I should like to know whether consideration has been given to the eliminating of the regulation which I read so there will not be this sales tax of 32 per cent on mimeograph paper and supplies.

Mr. Benidickson: I confess that the detail on this point is new to me. But I know the hon. member holds a card in the printers union, and he doubtless appreciates that any printing of this kind on a large scale, we will say in an industry or something of that kind, is to that extent in competition with the printing that would be done in the normal way by the printers and bears a considerable labour content. From the remarks he made, I was not quite clear whether he felt that a regulation of this kind should be removed solely in respect of municipalities, because he started his discussion with reference to an item in the resolution dealing with municipalities.

Is the hon. member saying that if the expenditure were over $1,000 in the case of a municipality, this particular requirement should be waived? Is he saying that any business firm or anyone else with internal printing of that size should also escape the imposition of this form of tax?

Mr. Knowles: In reply to the first comment made by the parliamentary assistant, may I remind him that I dealt with it before he made it. I pointed out that this is not material that would otherwise be printed by any letter-press process, or even by an offset process, but it is material which would otherwise be produced for the aldermen by the process of typing carbon copies. There is no element here of competition with the established printing trade.

Mr. Fraser (Peterborough): Would it be mimeographing?

Mr. Knowles: Yes, that is what we are talking about, the mimeographing of reports, agendas and things of that sort that you have to have around the city hall, most of which material is not of a permanent character. I know quite well that the minutes and proceedings of the city council of Winnipeg, which are permanent, are printed. Indeed they are printed in a union shop, I might tell the parliamentary assistant.

As to the other question, it is the government that boasts, as the minister did when he presented his budget on April 6, that it is doing something to relieve the costs imposed upon municipalities by taxation. If the government wishes to go further with this matter and establish some figure at which exemption would be granted, that is up to the government. I confess I am not as much concerned about the relief of taxation as it would affect private firms in business to make money as I am about the relief of municipalities who operate wholly on the basis of money they receive from the taxpayers, and mostly on the basis of money raised from taxes on real estate. I have tried to answer the question of the parliamentary assistant, and I would be glad if he would answer mine.

Mr. Benidickson: Frankly I do not think that in all cases my hon. friend could assure anyone that only mimeographed paper would be used, and that the machines being used internally could not be of another type—perhaps of the offset type—which might be in direct competition with a printing plant. As I said at the beginning, it was a new point so far as I was concerned. Certainly I shall make inquiries about it; but I was

anxious to find out whether my hon. friend's concern was solely from the point of view of the municipalities.

Mr. Knowles: That is my chief concern.

Mr. Benidickson: Yes. It is not one of those items that is particularly spelled out in this resolution. I still disagree with the hon. member when he suggests that another municipality, for a completely different purpose, other than that of minutes, could not probably use another type of printing.

Mr. Knowles: The government itself, under the terms of paragraph 4 in the resolution, has accepted the principle that municipalities are entitled to some relief from the sales tax.

Mr. Benidickson: Yes, on some things. This is the first step. We are going reasonably cautiously with it. We have always explained in the past that we feel a great many municipalities have to be dealt with. Administrative difficulties are sometimes heavy in proportion to the expenditure. All those things have been explained in the last two years. This is the first step of its kind. The hon. member makes reference to a rather unusual item that he thinks should be added. He will recognize of course that I am not in a position to say that it can be added this year. I can assure him however that his remarks will be considered by those who will be looking into the matter at a later time.

Mr. Michener: I have a question referring to paragraph 4(c) which, as has been noted, assists municipalities in carrying out their functions by giving some relief from the sales tax. It refers to certain items of equipment. A good deal has been said in the general debate on the budget as to the problem of the municipalities under the present division of taxing authority or taxing power. It has been made apparent that they are being heavily subsidized by the provincial governments to enable them to carry out their responsibilities. I note that in the case of provincial governments the sales tax is given as a complete exemption in the articles with which they have to deal, and that the principle has also been extended to public hospitals and other institutions by way of assisting them in carrying out their purposes. As the parliamentary assistant has said this paragraph represents the first step in one method of assisting the municipalities. I know, too, that we have on the order paper item No. 9 the import of which is not yet known to us, but which is as follows:

> Resolved, that it is expedient to bring in a measure to extend the benefits of the Municipal Grants Act and to provide for certain changes in connection with the administration of the act.

I assume that this is a measure to assist municipalities by federal action. The fact that this appears on the order paper, and the further fact that a brief, which I have seen, has been submitted from Toronto, a city of which my riding is not an inconsiderable part, leads me to ask the parliamentary assistant whether he would care to indicate whether the government has set its face, shall I say, against any additional exemption from sales tax for the municipalities. In other words, is it going the whole way in freeing them from this tax and, if so, whether this other method of assisting the municipalities, which is not yet known, is in any way comparable in extent?

Mr. Benidickson: This is as far as the government intends to go in this field at the moment. My hon. friend has referred to other legislation which, I may point out, amends an existing statute so as to make it more generous. I would remind him that the original legislation is relatively recent. It is only in recent years that the federal government has made grants in lieu of taxes to municipalities. As I say, this is new; and after consideration prior to the budget this year this is the extent to which the government will go.

Mr. McIvor: There are some good things in paragraph 4. Those who suffer from failing hearing will now get their equipment free of sales tax. In the last three years the minister has been asked to free hearing aids. This is the first time it has been done, and it is important to many people. It may not seem important to some, but those who are selling hearing aids believe it is. And I am sure those who buy them will share that view. I commend the minister for having taken this step as set out in paragraph 4 (g).

Mr. Fraser (Peterborough): Could the minister give figures showing the loss of revenue in respect of the item set out in paragraph 1 of the resolution.

Mr. Benidickson: I could give an estimate. The revenue loss estimated for the coming year in respect of electrical appliances is $5 million. I believe that was the figure used by the hon. member for Greenwood. The estimated loss of revenue in respect of furs is $4,400,000; coin operated merchandising machines, $250,000; cameras, $1,350,000; firearms and ammunition, $1,300,000; fishing rods and reels, $350,000; golf clubs and golf balls, $200,000; luggage including trunks, bags and the like, $3,300,000. Those are the items in respect of which the entire 15 per cent is being removed.

Mr. Fraser (Peterborough): I have a question on some of the other items in part 2. This was brought to my attention by a man who is in the undertaking business. Line 4 reads:

. . . for use in connection with the care of the human body.

Down below that it says:

Preserving or restoring.

He wondered whether that included embalming fluid.

Paragraph (d) reads:

Coin, disc or token operated games or amusement devices of all kinds.

Does that include those machines of chance?

Mr. Benidickson: No; a distinction has been made between vending machines—

Mr. Fraser (Peterborough): That is in No. 1.

Mr. Benidickson: The hon. member is referring to No. 2?

Mr. Fraser (Peterborough): Yes.

Mr. Benidickson: Only the 5 per cent reduction applies to that type, and the 15 per cent applies to the vending of merchandise as opposed to or contrasted with the use of the machine for amusement purposes.

Mr. Fraser (Peterborough): There is no deduction on the machine of chance.

Mr. Benidickson: Five per cent.

Mr. Fraser (Peterborough): Five per cent only?

Mr. Benidickson: Yes. Everything in item 2 is subject to a 5 per cent reduction, bringing the excise tax from 15 per cent to 10 per cent.

Mr. Knowles: Does that apply also to machines that are illegal under the Criminal Code?

Mr. Benidickson: I am not aware of that kind.

Mr. Fraser (Peterborough): I believe they are included in this 5 per cent reduction.

Mr. Knowles: A fine example of cabinet solidarity.

Mr. Fraser (Peterborough): Paragraph (e) of No. 2 mentions pipes, cigar and cigarette holders and so forth. Was any consideration given to reducing the tax on cigarettes? The reason I ask that is that in this morning's paper the Royal Canadian Mounted Police report that they caught two men smuggling 165,000 United States cigarettes, and another case of 140,000 cigarettes and another two men were arrested with 25,000 cigarettes. It is all in this morning's paper. With the tax on cigarettes in Canada as it is at the present time we cannot expect anything else but that people will try to smuggle them in. I ask the parliamentary assistant whether any consideration was given at this time to this matter.

Mr. Benidickson: A very substantial reduction was made last year, partly having in mind the matter of smuggling which had been increasing. We believe from the evidence in the intervening period of the past year that this kind of thing has gone down very considerably since the reduction of last year.

Mr. Fraser (Peterborough): It is still pretty high, though, which I believe the assistant to the minister will acknowledge. In paragraph (i) of item No. 2 we find that the tax has been reduced on clocks and watches. Clocks and watches are an absolute necessity. Although this will help the Canadian industry to some extent, I do feel that some restraint should be put on the import of parts of watches because it will certainly ruin the Canadian trade. In paragraph (j) of item No. 2 we find:

Articles of all kinds made in whole or in part of ivory, jet, amber . . .

And so forth. Practically everything that is mentioned in this paragraph is imported. Is this change made to help the importers? The stuff is not made in Canada; most of it is imported into Canada. A reduction from 15 per cent to 10 per cent is made on articles made of ivory, jet, amber, coral, mother of pearl, natural shells, tortoise shell, jade, onyx, lapis lazuli, or other semi-precious stones. All that stuff is imported.

Mr. Benidickson: I think the hon. member for Peterborough will recognize that a number of these items are reassembled into other articles of jewelry and adornment and the tax reduction, added to the reduction in the general classification of jewelry, will doubtless be reflected in the ultimate consumer price.

Mr. Fraser (Peterborough): Just one more question. Item No. 7 reads:

That provision be made to ensure that machines and tools for operation by tractors are not included as accessories therefor in the prevailing exemption from sales tax.

With respect to tools and machines for operation by tractors, there would be hydraulic lifts, shovels, blades and different things of that kind. Can the assistant to the minister tell us just what is meant by this item?

Mr. Benidickson: At the present time the act provides for an exemption for tractors for farm purposes, or used for logging, and accessories for this purpose; but some items are

not considered to be accessories for which the exemption is intended: Such things as bulldozers and tractor shovels, tree dozers, cable control units, hydraulic control units and things of that kind are not to be considered as accessories entitled to the exemption.

Mr. Fraser (Peterborough): A hydraulic lift on a tractor is almost a necessity on some farms, because the farmers have to use them all the time in handling some of their equipment. Why should they not be included in it?

Mr. Benidickson: An item such as my hon. friend describes, and particularly the ones that I recited, are considered rather to change the function of the tractor itself. It gets you into a different field, and they are not considered to be accessories.

Mr. Michener: Can the parliamentary assistant give me the estimated total tax loss which this resolution will cost and also two or three items which I should like to have the details on. First, paragraph (h) of item No. 2, tires and tubes, and, second, the item to which I referred before, namely, equipment for municipalities. How much is estimated will be lost on these two items and on the whole resolution?

Mr. Benidickson: Really, Mr. Chairman, we have not a good estimate on the possible revenue loss in connection with the exemptions on certain items for municipalities. The exemption does not apply to all municipal purchases for which there might be some statistics. I am afraid I could not answer that particular part of my hon. friend's question. I can give an estimated loss of revenue on the reduction of excise taxes on certain articles from 15 per cent to 10 per cent. On tires and tubes, which the hon. member asks specifically, the estimated loss is $3,500,000; candy and chewing gum, $3,950,000; fountain pens and pencils, $275,000; jewelry, glass, china and those other items, $2,400,000; lighters, $100,000; matches, $300,000; motorcycles, $50,000; slot machines, $100,000; smokers' accessories, $150,000; soft drinks, $3,800,000; toilet articles, $2,800,000; carbonic acid gas, $100,000.

Mr. Michener: Can the parliamentary assistant give an estimate for the whole resolution, if only approximate? There must be some estimate of it.

Mr. Benidickson: The major items are in paragraphs 1 and 2 and each amount to about $16 or $17 million, and I would suggest the average would run to about $36 million.

Mr. Michener: That is true probably of the entire forecast?

Mr. Benidickson: Yes.

Mr. Rowe: I would like to question the parliamentary assistant with regard to section (c) in paragraph 4 which deals with the deduction with regard to municipalities. It seems to me there are quite a number of conditions surrounding that expenditure in excess of $1,000 in regard to equipment used directly for road making, cleaning, or fire fighting, but not in the case of automobiles or ordinary motor trucks. As one looks at this amendment to the Excise Tax Act it seems to be somewhat of a gunshot prescription. There does not seem to be any particular justification for reductions on some articles while others are left as they were.

For instance, in this section we have a reduction on mink coats, fishing rods, and golf balls, but we have a limitation on the reduction as it affects municipalities which are hard-pressed at the moment. It appears to me as though the government is trying to do something for the municipalities and is then undoing it. Surely automobiles and ordinary trucks are used for fire fighting, road maintenance, road cleaning and so on. The hon. member for Peterborough has also raised the question of accessories on certain equipment used on the farm which is almost as important today as the tractor itself, and I am rather amazed that more consideration has not been given to such items.

This is a very tardy way of handling tax reductions in any event. The entire tax reduction proposals are minor in character. In fact the government will be taking more from the people this year than they took last year while ordinary expenditures have increased. You cannot very well call it a substantial reduction in taxation if you merely take a little bit off mink coats, golf balls, fishing lines and a few other things and leave the same tax on the attachments to farming equipment. The farmer uses these attachments such as manure and gravel loaders, and they are as important as the tractor.

When we turn to the municipalities, on whose behalf we have been pressing for reductions for a long time, we find the government will allow them a reduction on anything over $1,000 but not in the case of ordinary motor trucks or automobiles where no reduction is allowed at all. I would submit, Mr. Chairman, that an ordinary motor truck is essential for fire fighting. It is essential for road cleaning and maintenance. I would like the parliamentary assistant to give us the reason why we have these fancy, delicate reductions in the case of luxury items while with other things which are an absolute necessity in carrying on municipal functions there has been no reduction at all.

Mr. Benidickson: An attempt was made in taking this step for the first time to include a number of the more costly items on which municipalities obviously must spend a substantial amount of money. The question of exempting motor vehicles was certainly looked at but, on the other hand, it was felt that in the treatment of some of these major items of municipal equipment there was much greater likelihood that they would be subject to resale and trading and that would have a greater effect on the general automotive truck and automobile business.

Mr. Rowe: You mean up to $1,000?

Mr. Benidickson: No, over $1,000.

Mr. Rowe: But you mean there would be more trading up to $1,000?

Mr. Benidickson: An automobile would probably be put on the market again for resale much more readily than other things, particularly if it had a lower tax rate than was general within the community.

Mr. Zaplitny: Mr. Chairman, on paragraph 4 I would like to draw the attention of the parliamentary assistant to a request made by the Canadian Federation of Agriculture to which I referred earlier in connection with stock feeds. Perhaps the best way in which I could do that would be to read the submissions of the federation which are contained in a brief submitted to the department. This is their statement:

> In dealing with the Excise Tax Act, we requested that all materials used in the manufacture of stock feeds be made exempt from sales tax by adding the following item to the farm and forest section: "material to be used exclusively in the manufacture or production of poultry, cattle and other stock feeds" and that the following item be added to the tax exempt farm and forest list of schedule III of the act; "antibiotics and veterinary drugs."

Apparently nothing has been done in that direction as far as I can judge, and at this time I would ask the parliamentary assistant to bring this matter to the attention of the minister so that it might be given some consideration. Obviously we are not going to pass all these resolutions today. I would be quite happy to move an amendment in this regard, but, of course, it would be out of order under the rules of the committee so I will content myself with the hope that the minister will give that request consideration. In my estimation it is a reasonable and modest request and there seems to be no reason why materials used in the production of livestock should not be treated in the same manner as other farm equipment which goes into the cost of production. I hope the parliamentary assistant will give this matter some consideration.

[Mr. Rowe.]

Mr. Benidickson: Consideration will be given to the hon. member's remarks. I recall that he did refer to this brief in making his speech on the budget but I would draw to his attention the fact that under the schedule in the Excise Tax Act there are quite a number of categories given exemption and they include a long list of foodstuffs and a long list of farm products. In so far as stock feeds are concerned they are not subject to a sales tax, but it may be that certain items that are part of the mixture are themselves taxed because they have been manufactured somewhere else. Stock feed, which is the finished item, is a compound of the whole thing and not subject to tax.

Mr. Zaplitny: Of course that is a reference to the materials used in the manufacture of stock feeds, and is quite a different matter.

Mr. Fraser (Peterborough): Mr. Chairman, I would like to ask the parliamentary assistant a question. Section (h) of paragraph 2 mentions tires and tubes in whole or in part of rubber for self-propelled machines or automotive vehicles of all kinds. I suppose that includes bicycles. Could the minister tell us how many of those tires and tubes are imported? The reason I ask is that I was in a store last week and they did not have a Canadian tire in the place. They were all imported tires and it appears that they can get them cheaper than from Canadian manufacturers.

Mr. Benidickson: I have not got that figure for my hon. friend at the moment but I will make a note of his question and see that he is supplied with that information if it is possible to obtain it.

Mr. Charlton: I would like to ask the parliamentary assistant if the tires included in the purchase of a new car are exempt from this tax.

Mr. Benidickson: Yes.

Mr. Charlton: And when the manufacturer buys tires to put on combines or farm machinery or trucks does he get that exemption?

Mr. Benidickson: They are considered to be an accessory in the case of farm machinery and come under the general classification of, I believe, section 409 of the Customs Act which covers the free entry of farm implements.

Mr. Rowe: I should like to ask the parliamentary assistant a question. I did not quite clearly understand him when he mentioned the fact that bulldozers and road equipment

are exempt. It is understood that under paragraph 4, clause (c) to which I had referred, bulldozers and road equipment would be exempt from sales tax?

Mr. Benidickson: My hon. friend and I are really not referring to the same section. I think that in paragraph 4 (c) there is a list of equipment on which municipalities will no longer have to pay sales tax.

Mr. Rowe: Oh; I see.

Mr. Benidickson: The discussion in connection with bulldozers had reference to another item in this resolution.

Mr. Rowe: That is what I thought.

Mr. Benidickson: Bulldozers, if over $1,000 and purchased by a municipality, would not be subject to sales tax.

Mr. Rowe: For information purposes only may I ask this question? As to a bulldozer that is purchased for logging operations or for farm operations, is it exempt from taxation?

Mr. Benidickson: That is correct; in a general way.

Mr. Rowe: In a general way?

Mr. Benidickson: As you know, there is the matter of from the stump to the common carrier; I think that is the general phrase used in logging operations.

Mr. Rowe: The tax is on for construction companies; on bulldozers purchased by these companies there is a tax but for a farm operation or for making bush roads and so on, bulldozers and other machinery are exempt, are they not?

Mr. Fraser (Peterborough): A bulldozer is not exempt on a farm.

Mr. Rowe: Maybe your farm does not need a bulldozer.

Mr. Fraser (Peterborough): Yes, it does. That is why I asked about hydraulic equipment.

Mr. Benidickson: No. I am informed that in the case of a logging operation—that is the pushing out of the road—the bulldozer would bear tax.

Mr. Rowe: It would bear tax?

Mr. Benidickson: Yes.

Mr. Rowe: Nearly all other types of logging equipment are exempt, are they not?

Mr. Benidickson: Yes; generally speaking. There is a classification like the farm implement classification.

Mr. Rowe: In logging operations bulldozers are extremely important machines. Neither the provincial government nor the dominion government assists companies and loggers much in building roads which are helpful for fire fighting and are also absolutely necessary for the carrying on of their operations.

I might submit that I do not think there is any other item in logging operation equipment on which the exemption would be more greatly justified than it would be on the bulldozer. As the parliamentary assistant indicated a few minutes ago this afternoon, I realize that there has been a certain amount of caution and a certain amount of fear that some of these articles would be juggled, where advantage would be taken of the exemption and they might be resold or retraded. There may be administrative difficulties along that line but I wish to submit to the parliamentary assistant and his minister that serious consideration might be given to the exemption of bulldozers, machines which are of such great importance in production.

Again I want to emphasize the fact that it is highly desirable that roads should be built through the forests for the purpose of fire protection. I have often suggested that both provincial and dominion governments should co-operate to a greater extent with operators in order to get a better system of roads for fire protection and for the development of proper forestry through the various northern sections and areas that are not being operated effectively, in order to protect the trees from disease, fungi, fire and so on.

I just wish to draw this matter to the attention of the parliamentary assistant for his consideration. As everyone who is familiar with bush operations knows, in the matter of building roads a bulldozer is just about as essential as is any other implement in that field. I think some reconsideration might be given to this matter.

Mr. Benidickson: So far the exemption is limited just to the tractor portion of the equipment.

The Chairman: Shall the resolution carry?

Mr. Knowles: Mr. Chairman, I have no objection to the resolution carrying today, if that is the wish of the committee; but there is one other subject that I want to say something about. However, I am prepared to do it on second reading of the bill. Since I have indicated that there is such a subject, perhaps I should let the parliamentary assistant know what it is so that whoever is piloting the bill through the house at the second-reading stage might be prepared to discuss it. I refer to the request of charitable

organizations for a sales tax refund similar to that which is granted to hospitals. Whoever is sponsoring the bill on that occasion can find what we will probably say by looking at *Hansard* of March 31, 1953. There the parliamentary assistant will find that his colleague the hon. member for Spadina as well as the hon. member for Eglinton and I spoke on the question. I am sure that the other members to whom I have referred will agree with me that the time has come for something to be done in this connection. We shall have more to say about the matter later, in case it is the desire of the committee to pass this one resolution today.

Mr. Rowe: I do not want to hold the resolution up, Mr. Chairman; but before it passes I should like to have some assurance that the parliamentary assistant and his minister might give some consideration to paragraph 4 (c) with reference to municipalities. I do not want to hold the resolution up beyond six o'clock, but I still feel we have not been given any real reason why the exemption is limited to articles whose price is over $1,000 or why a motor truck should not be included as a necessity for municipalities, for such purposes as road cleaning, road construction and so on. I cannot help thinking that the government might well have considered these articles and might not have so greatly restrained their reductions. As far as I am concerned, I will be satisfied if the minister would agree to give serious consideration again to that item. I do not want to hold up the resolution.

Mr. Benidickson: Fairly serious consideration has already been given but it certainly can be reconsidered between now and the time of bringing in the bill.

Mr. Macdonnell: I do not want to hold the resolution up either, Mr. Chairman, but I do not feel altogether happy about the answers we have been getting, as I understand it, as to why this reference in paragraph 4 (c) "in excess of one thousand dollars per unit" is necessary. As I understand it, the suggestion has been made that it would be easier, in respect of smaller items, to abuse the statute by dealing in them. Surely the municipalities have, first of all, some conscience and, in the second place, they have to keep records. I would think that one ought to be able to trust them. But in so far as you cannot trust them or if you are not prepared to operate on that basis, it should be remembered that they have records. It surely ought to be possible to have records. If the reason which has been given is the only one, I should like to ask whether the matter could not be reconsidered before this resolution passes. I do not want to be less reasonable than was my colleague the hon. member for Dufferin-Simcoe.

Some hon. Members: Carried.

The Chairman: Shall the resolution carry?

Mr. Macdonnell: No; it is not carried.

The Chairman: Shall I rise, report progress and ask leave to sit again?

Some hon. Members: Agreed.

Resolution stands.

Progress reported.

BUSINESS OF THE HOUSE

Mr. Harris: Mr. Chairman, tomorrow and Friday we shall take estimates, beginning with northern affairs, continuing with fisheries and then agriculture.

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

HOUSE OF COMMONS

Thursday, May 6, 1954

The house met at 2.30 p.m.

LIBRARY OF PARLIAMENT

First report of the joint committee of both houses on the library of parliament.—Mr. Speaker.

QUESTIONS

ARMED FORCES RECRUITING PERSONNEL

Mr. McGregor:

1. During the fiscal year 1952-53, how many personnel in the (a) army; (b) navy; (c) air force, were used mainly in recruiting?
2. In each case, what were their ranks?

Mr. Blanchette:

1. The following service personnel in the field who were engaged mainly in recruiting in 1952-53: Navy, 38; Army, 91; Air force, 196.

Note: Army and R.C.A.F. recruit only for the active force; navy recruits for both active and reserve.

2. (a) Navy: Lieutenant commanders, 6; Lieutenants, 6; Chief petty officers, 1st class, 10; Chief petty officers, 2nd class, 6; Petty officers, 1st class, 5; Petty officers, 2nd class, 3; Leading seamen, 2.

(b) Army: Lieutenants, 25; Sergeants, 39; Corporals, 5; Privates, 22.

(c) Air Force: Squadron leaders, 5; Flight lieutenants, 23; Flying officers, 59; Sergeants, 31; Corporals, 4; Airmen, 53; Airwomen, 21.

TUNNEY'S PASTURE, OTTAWA

Mr. Hodgson:

1. How much of the property known as Tunney's pasture was purchased by the government?
2. From whom was the purchase made?
3. What was the purchase price?
4. What buildings are the government constructing there?
5. How much is the estimated cost of construction, etc.?

Mr. Bourget:

1. Approximately 113.5 acres.

2. W. L. Ballentine, J. Beaudin, Laurier Bellefeuille, Donat Bray, Burgess Tool Company, Charles Burnside, Leonard Copeland, Rodrique Dagenais, William Doe, Rodolphe Dumouchel, Margaret Ericksen, William H. Fader, Lewis R. Ferrier, Alex. Fleck Limited, J. A. Lalonde, Edouard Lavigne, Harvey Leduc, Henri Leduc, Napoleon Martineau, Rupert S. McClelland, John M. McGuire, Mrs. Anne B. McManus, Mrs. Grace Olivier, Mrs. Sarah E. Poll, Edmond Quesnel, Albert Quesnel, Ernest St. Germaine, Tessier and Schryer, Victor J. Thom, township of Nepean, Gordon C. Webster, Robert S. Wright.

3. The site was expropriated under date of July 28, 1947. Settlements have been made in the amount of $670,125.

4. The following buildings are under contract: (a) Food and drug laboratory for the Department of National Health and Welfare; (b) Virus laboratory for the Department of National Health and Welfare; (c) Archives storage building; (d) Testing laboratory for the Department of Public Works.

5. (a) $2,566,450; (b) $943,243; (c) $1,180,-956; (d) $681,235.

FRENCH EDITION "CANADA 1953"

Mr. Girard:

1. Has the distribution of the French edition of "Canada 1953" been prohibited in France by the ministry of commerce?
2. If so, has the Canadian government made representations to France, protesting against the restricting of distribution of French publications printed in Canada?
3. Is there a cultural agreement whereby French publications from Canada may enjoy the same freedom of distribution as is granted by Canada to the publications coming from France?

Mr. Pinard:

1. To the best of our knowledge and as far as we can learn from inquiries in Ottawa, there has been no difficulty concerning the distribution of the French edition of "Canada 1953" in France. Further inquiries are being made through the Canadian embassy in Paris.

2. See answer to No. 1 above.

3. No. The movement of books and other literature is, as with other countries, handled commercially and customs, exchange control and other regulations are applicable to it where they exist. I understand that exchanges of books have in the past been subject to private agreements between publishers in Canada and France and that it is hoped that such agreements can be revived.

Inquiries of the Ministry

EXTERNAL AFFAIRS

SECURITY ARRANGEMENT FOR SOUTHEAST ASIA—DISCUSSIONS REGARDING INDO-CHINA

On the orders of the day:

Mr. Howard C. Green (Vancouver-Quadra): Will the Prime Minister give the house information concerning a security arrangement for southeast Asia which was announced by President Eisenhower yesterday as being in the process of formation? And is the Canadian government participating or willing to participate?

Right Hon. L. S. St. Laurent (Prime Minister): Mr. Speaker, I understand the hon. gentleman telephoned my office as to the terms of this question shortly after one o'clock today. I saw it just a few moments ago. It is rather vague. "Is the Canadian government participating or willing to participate?" I do not know whether that refers to the discussions that are taking place, or if it seeks to get a declaration as to whether the Canadian government is willing to participate in a security arrangement for southeast Asia.

Mr. Green: That is what I had in mind.

Mr. St. Laurent: That matter has not come up for consideration by the Canadian government. As I understand the hon. gentleman's question there is very little information I can give him about it; it is based on the statement made yesterday by President Eisenhower in which he referred to the suggestion made by Secretary Dulles in his address of March 29. The President goes on to say:

> Obviously, it was never expected that this collective security arrangement would spring into existence overnight. There are too many important problems to be resolved. But there is a general sense of urgency. The fact that such an organization is in process of formation could have an important bearing upon what happens at Geneva during the Indo-China phase of the conference.
>
> The countries of the area are now thinking in constructive terms, which include the indispensable concept of collective security. Progress in this matter has been considerable and I am convinced that further process—

It must be "further progress".

> —will continue to be made.

As I said in the house the other day, if and when the question as to whether Canada should make further commitments arises for decision it will be given very careful consideration, and our conclusions, if they are that we recommend further commitments, will be brought to the house and the reasons for these conclusions explained before we take the responsibility of making commitments for the Canadian nation.

I cannot add anything to that. We are, of course, very much concerned with what is going on at Geneva and elsewhere. In connection with that I might perhaps take advantage of this occasion to clarify the answer I gave to the Leader of the Opposition (Mr. Drew) a week ago. My attention has been called to the fact that the hon. gentleman's question and my unqualified answer might have given the impression that we were taking no part whatsoever in discussions affecting the position in Indo-China. Well, that would be quite contrary to the statements which have previously been made in the house, and quite contrary to the facts.

The situation with respect to Indo-China is that so far as the formal phase of the Geneva conference is concerned the sole responsibility for deciding its membership rested with the inviting powers under the decision taken by the foreign minister of France, the Soviet union, the United Kingdom and the United States at their conference of last January in Berlin.

That information has already been given to the house and the fact is that these powers have now decided in Geneva that membership will be restricted to themselves and communist China, the three associated states of Indo-China, and representatives of the Viet Minh. Canada has not been invited to participate in the formal discussions which are about to take place in Geneva.

The problem of Indo-China is a most complex and difficult one. There is much to be said in favour of the inviting powers' decision to keep the formal discussions on Indo-China to those parties principally and immediately concerned. In the interest of the solution we had no grounds to complain of not being included. Such neighbouring countries as Thailand, the Philippines and Australia, which are more closely concerned with developments in Indo-China than are we, are not being brought into the formal discussions. On the other hand, informal discussions on Indo-China have been and are taking place all the time at Geneva because it is a matter of such vital interest to world peace.

The report we receive from the Secretary of State for External Affairs (Mr. Pearson) is that he and members of the Canadian delegation are participating in those informal discussions about all those matters as actively as is any other delegation outside of the countries immediately concerned with the problems of Indo-China. As was stated in the house, we were invited to the conference that would take place on the Korean problem but we were not invited—and others that are more directly concerned than we are were

not invited—to participate in the formal discussions in respect of the Indo-Chinese situation.

I am sure that all those who are really interested in peace are much concerned about what can be done and about security pacts that could be useful anywhere. But as to whether or not Canada should be a participant in other security pacts than the North Atlantic Treaty Organization is something which we have not yet had to consider and about which we have not yet had to come to any conclusion. The statement I made in the house stands. If we come to the conclusion that it would be helpful for world peace—and that would mean that it would be helpful to and in the interests of Canada—and decide to make recommendations, we would bring those recommendations to the house and have them discussed here. In the meantime there is nothing I can usefully say following this declaration of yesterday by the President of the United States. The matter is certainly being investigated. Exploratory talks are taking place but they have not yet come to the point where it would be required of us to say whether and under what conditions we might feel it was in Canada's interests to be a participant.

Mr. Green: May I ask a supplementary question? Can the Prime Minister explain how the statement that the Secretary of State for External Affairs is reported to have made in Geneva fits into the picture? From a press report which appeared yesterday purporting to quote the Secretary of State for External Affairs, I quote as follows:

"Failure here"—

That is at Geneva.

"—may well necessitate further collective consideration by those who, as a result of such failure, will feel increasingly threatened, of further ways and means to meet that threat . . ."

Mr. St. Laurent: I cannot add anything more than what the Secretary of State for External Affairs is reported as having said to newspapermen who inquired from him about that matter. This is a dispatch as published last night in the Ottawa *Journal*:

External affairs minister Pearson said today that when he wrote his speech for the Geneva conference he had not had in mind the specific possibility that Canada might join the projected southeast Asia security pact.

He made his comment when asked about the significance of the statement in his speech yesterday that failure of the Far East conference here might result in further collective security measures by the western powers. This would apply particularly in respect of Indo-China.

I cannot add anything to that. At the present time there is sometimes a tendency to try to read into anything that is said meanings that were not intended by the one who said it. That is quite natural because, as individuals, we are all concerned with the security of the world at the present time and we are all anxious to get as much information as we can get about it. Because of that feeling it is quite natural that there is sometimes read into anything that is said a meaning that was not intended.

[*Later:*]

Mr. E. D. Fulton (Kamloops): I should like to ask the Prime Minister this question arising out of the answer he has given to an earlier question. Since Canada is so obviously and, as the hon. gentleman has stated, so properly concerned about the prospects of success or failure of the conference on Indo-China, did the Canadian government make any representations as to whether or not we should be asked to participate in formal discussions of that conference?

Mr. St. Laurent: The answer is a negative one, Mr. Speaker.

[*Later:*]

GENEVA CONFERENCE—RETURN OF SECRETARY OF STATE FOR EXTERNAL AFFAIRS

On the orders of the day:

Mr. Donald M. Fleming (Eglinton): Mr. Speaker, I should like to ask the Prime Minister a question that bears to some extent on the answer he gave to the hon. member for Vancouver-Quadra (Mr. Green). Is it intended that the Secretary of State for External Affairs (Mr. Pearson) should continue to lead the Canadian delegation at Geneva throughout the entire conference or is he coming home? Can the Prime Minister give any indication, in that event, as to how much longer the Secretary of State for External Affairs intends to remain at Geneva?

Right Hon. L. S. St. Laurent (Prime Minister): No, Mr. Speaker; I am not in a position at this moment to say when he might expect to be home, nor do I think the Secretary of State for External Affairs himself would be able to do so.

PRIVILEGE

MR. COLDWELL—REFERENCE TO PRESS REPORTS OF VOTE ON BUDGET

On the orders of the day:

Mr. M. J. Coldwell (Rosetown-Biggar): Mr. Speaker, I wish to rise on a matter of privilege. Several papers today carry stories which misconstrue our vote on the budget yesterday. May I just refer to a dispatch

of the Canadian Press in the Montreal *Gazette* of today. It reads in part as follows:

A Liberal member of parliament today voted against the government on the Quebec income tax issue.

Wilfrid LaCroix (L-Quebec-Montmorency) sided with the opposition as the Commons voted 136 to 70 to approve the government's 1954-55 budget.

He was the only Liberal to criticize the budget decision against granting Quebec's request that the province's new 15-per-cent personal income tax be fully deductible from federal tax payments.

May I say that we voted against the budget because of the criticisms we made here. Contrary to reports, we are thoroughly in support of the government's stand on the Quebec tax issue.

NATIONAL DEFENCE

FIREPROOFING OF BUILDINGS

On the orders of the day:

Mr. G. K. Fraser (Peterborough): I should like to address a question to the Minister of National Defence. Having regard to the loss by fire of national defence service buildings this year and the announcement of new construction at Petawawa, including barracks buildings, administration buildings, mess halls, garages and so on, is consideration being given to seeing that those buildings are fireproofed?

Hon. Brooke Claxton (Minister of National Defence): Mr. Speaker, the assumption that the hon. gentleman makes seems to be that the loss by fire of defence property is out of all proportion to what it should be. There is no justification for that assumption. The loss is much lower than is the loss in respect of corresponding civilian properties in Canada.

Mr. Fraser (Peterborough): That is a matter of opinion.

Mr. Claxton: It is a matter of statistics. Whether or not it is worth while to build a completely fireproof building depends on the nature of the building and the fire hazards. The type of construction we use is partly fireproof, partly fire-resistant and sometimes not fireproof at all, depending on the type of construction. But to fireproof all the buildings would give rise to an expenditure out of all proportion to the savings in connection with loss by fire.

POTATOES

INQUIRY AS TO FURTHER ASSISTANCE IN DISPOSING OF BALANCE OF CROP

On the orders of the day:

Mr. G. W. Montgomery (Victoria-Carleton): I should like to direct a question to the Minister of Agriculture. I did not give him notice because I think he can answer it. If not, he can take it as notice. In view of the rather serious situation among the potato farmers of New Brunswick, has the minister or his department or the government received any request from the potato marketing board of New Brunswick for further assistance in the handling of the balance of the 1953 potato crop?

[Mr. Coldwell.]

Right Hon. J. G. Gardiner (Minister of Agriculture): We are in communication with the boards of both New Brunswick and Prince Edward Island with regard to the situation that is developing in connection with the marketing of potatoes. If my hon. friend will allow me to take the question as notice, I will obtain for him the exact figures as to what the position is at this time and give them to him tomorrow.

Mr. Montgomery: Thank you very much. That is all right.

SUPPLY

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

DEPARTMENT OF NORTHERN AFFAIRS AND NATIONAL RESOURCES

National parks branch—
National parks and historic sites services—
304. Administration, operation and maintenance, $4,397,820.

The Chairman: Hon. members will find this vote on page 44 of the blue book and the details on page 374.

Mr. Shaw: On April 29 when these estimates were last before the house I brought a matter to the minister's attention and requested certain explanations and clarification with respect to it. The minister indicated that he would secure the information. If he has it here I should like to know what it is.

Hon. Jean Lesage (Minister of Northern Affairs and National Resources): I have secured the following information with respect to the operation of the Ya-Ha-Tinda ranch. This ranch comprises an area of some eighteen square miles in township 32, ranges 11 and 12, west of the 5th meridian in the province of Alberta. It is completely separate from Banff park, being about one and a half miles from the eastern boundary of the park at the nearest point. The property is owned by the federal government and administered by the national parks branch. It is not, however, a national park, nor is it subject to the parks act or the regulations made thereunder. Up until a few months before the transfer of natural resources agreement of 1930 the ranch was within the

boundaries of Rocky Mountain park and was administered under the Dominion Forest Reserves and Parks Act.

The area comprising the ranch is particularly good grazing land for horses and has been used for this purpose by the parks service for many years. When the transfer of resources agreement and the new National Parks Act were being prepared to come into effect simultaneously it was realized that the Ya-Ha-Tinda ranch would be outside the boundaries of the new Banff park which would replace the Rocky Mountain park. As the area was still required as grazing land for park horses belonging to the warden service it was withdrawn from the Rocky Mountain park by order in council P.C. 565 of March 14, 1930 and therefore was not included with the federal crown lands transferred to the province of Alberta a few months later. It was this order in council that was referred to by the hon. member for Red Deer when he discussed the ranch last Thursday evening.

Since the passage of the order in council the land has continued to be administered by the parks service but, as I mentioned before, it is not subject to the National Parks Act and it is in effect similar to any privately owned ranch in the province of Alberta. The hon. member raised the question of hunting privileges within the ranch boundaries. We have checked with the superintendents who have been in charge of Banff park since 1947 and I have been assured that at no time have they given permission for hunting on the ranch property. As a matter of fact when the then park superintendent visited the ranch in September, 1952 he found a number of hunters on the premises. They were requested to leave and signs were erected prohibiting hunting and also motor traffic on the property. These signs have been maintained and to the best of our knowledge no hunting has taken place on the ranch since that time.

There is one feature that may have led to a misunderstanding about hunting. A trail, which is passable at times to motor traffic, leads to the ranch, and an extension of this trail crosses the ranch and leads to excellent hunting grounds to the north and west of the ranch. We have permitted hunters and pack trains to cross the ranch on the way to the hunting grounds beyond. Many return through the ranch bearing their kill. This may have given the impression that the game was shot on the ranch property. I might add that we do not have any intention of opening the area to hunting and the foreman in charge has been instructed that hunting is prohibited.

Mr. Shaw: I appreciate very much the information that has been given. May I ask the minister whether the area has been leased to any individual or group of individuals?

Mr. Lesage: If the hon. member means the ranch area there is no lease and there is no intention of leasing it.

Mr. Shaw: The word "ranch" rather confuses me. Who operates the ranch in this area?

Mr. Lesage: As I said a few moments ago, the national parks service operates the ranch for the grazing of horses which are the property of the parks administration.

Mr. Shaw: There is one other matter. The minister has indicated that we may have been confused with respect to hunting in the area. I would suggest to the minister that possibly that aspect of it should be checked a little more carefully because hunting has been conducted in the area. Hunters have been seen shooting in the area, and that led to much of the difficulty. Other hunters have been forbidden the privilege while they themselves have witnessed hunters hunting in the area. As I say, that led to a good deal of criticism because it did appear to the people to whom I spoke, hunters and others, that certain persons were being granted the privilege of hunting there. The minister has given the assurance that there has not been any hunting in the area and that there will be none, but I am more concerned with the policy. I certainly hope that that is the policy and that every effort will be made to enforce it rigidly. Otherwise there is bound to be no end of trouble.

There is one other matter I should like to clear up. I should like to know why this is a more or less privileged area in relation to park areas? Why is it that the public are prohibited from entering? The minister has said certain pack outfits have been permitted to pass through. That is news to me, and I am sure it is going to be news to many of those hunters with whom I spoke and who were told to pay attention to the no trespassing sign on the gate. Personally, I cannot understand why people who desire to spend a Sunday afternoon, for example, by those falls, which are very beautiful and are just two or three miles inside the area, are prohibited from entering. I should like to know if any similar situation exists anywhere else in Canada? Can the minister give me any information about that? I want to know specifically why the public should be barred from entering there as they would any park area?

Mr. Lesage: This is not a national park. As I have already explained, this is the same as private property. It is being kept in order to have a place for these horses to graze. We need a place and that is the place that is used. It has been used for years, and there is nothing I can add.

Mr. Shaw: I have no argument with the minister's declaration that they require an area for grazing purposes, but I cannot understand why we should have an 18-section area like that from which the people are barred. As I say, people may desire to go there to spend a Sunday afternoon. Secondly, I should like to know how many horses are owned by the federal parks branch that are pastured in the area?

Mr. Lesage: The number of horses, I am informed, is approximately 150.

Mr. Shaw: May I just pursue the one aspect further, and that is with respect to this no trespassing sign. It is very prominent on the gate. The road comes right up to the gate, and that is the end of it. It is a good road. Why should the public be prohibited from entering? I am not suggesting there should not be any rules or regulations. We have these rules and regulations governing the actions of people who go into the parks. I should like to know why the citizens of my community cannot go into that area on a Sunday afternoon and have a picnic lunch. It is a strange situation that has caused a great deal of criticism. In fact, the people call it the iron curtain area; that is what the people of my area call it. They say this is extraordinary. It is different from anything else of which we are aware in any other part of the country.

Mr. Lesage: Mr. Chairman, as I said a few moments ago, this is a ranch area and is only about a mile and a half from Banff national park. I believe that Banff national park is an area sufficiently large to accommodate the people from my hon. friend's riding. The no trespass sign is there because it is an area that is mainly grass but has some wood. We have to be very careful about fire and also careful, as my hon. friend was asking us to be, to do everything we can to prevent illegal hunting. That is one of the ways.

Mr. Shaw: If that is the only effective method of preventing illegal hunting we may just as well bar people from the parks. Let me point out to the minister that while it can be said Banff is a large area not too far away from this area, let us not forget that the way one has to travel to get from the area in which these people live it is 150 to 175 miles, whereas many of them live only five, ten, or fifteen miles from this beautiful spot in the prohibited area. It is true there is grassland there. There is grassland very much like our prairie wool. The minister should not be led to believe it is a section similar to areas in the southern section of Saskatchewan. There are some beautiful spots in that area.

There is always the danger of fire. Certainly there is the same danger on provincial crown lands in the areas surrounding this ranch. If a fire started in the provincial crown lands area, the Ya-Ha-Tinda area would go up in smoke, too. I do not believe that is a good argument. I do not believe our people are going to be satisfied or remain quiet until they know exactly why they, the citizens of Canada, are barred from going into an area which, in theory if not in fact, they the people of Canada own.

I should like to ask one other question. Am I to be barred, as a member of parliament, if I want to go into that area as soon as I go home? The no trespass sign I suppose refers to me as well as to any person. All I am going to suggest to the minister is—I make no threat at all—that I am likely to make a test case out of that because I am going in there. I have been asked to go in there, and I am going in. Possibly in that way we will find out who will institute the prosecution, and I believe we shall have a most interesting court case.

Mr. Knowles: It has been nice knowing the hon. member.

Mr. Shaw: After all, it may be a pleasant way to retire, if that is to be the end result. Can the minister indicate to me, in advance, so I shall know what preparations to make, if they are going to prosecute me if I go through that gate and into the area which I feel, as a citizen of Canada, belongs to me as well as to everyone else?

In the absence of an answer, I am going to serve notice now that I am going to make a test case out of it. Shortly after I get home I am going through the gate and we shall see what follows. All I can say is, if I am not back here again it has been nice knowing all of you.

Mr. Fraser (Peterborough): I should like to ask a question about these 150 horses. Are they used by the rangers for patrols?

Mr. Lesage: Yes, they are for the wardens, for patrols and for the forest fire patrols.

Mr. Fraser (Peterborough): The Minister mentioned that during the hunting season pack trains and hunters were allowed to go through the ranch to the hunting ground. Are

there patrols at that time along the ranch road to make sure these people do not hunt at that time?

Mr. Lesage: Of course they have to ask the foreman or one of the hired men who are on the spot for permission to go through. When permission is given these two hired men know the people are going across and they follow them and check on them.

Mr. Fraser (Peterborough): When the hon. member who has just preceded me enters the park he has to ask permission to go in.

Mr. Lesage: It is not a park, and it is not a public place. It is a ranch that provides a grazing area for the horses which are the property of the park service. They have to graze somewhere, and that is where they are put. It is 18 square miles and it is not at the disposal of the Canadian public. It is the property of the government assigned to a definite purpose. There is one foreman and one hired man looking after the horses. If we permit the general public to enter, as we do in the parks, of course we shall need a lot of persons to act as wardens and the cost will be increased. We have these immense park areas like Jasper, Banff and Yoho with their warden services and they cost the people of Canada a lot of money. I do not see why we should have this little piece of property as a park when we need it for a definite and private reason. The government is entitled to use property as private property, just the same as any other citizen, when it needs it.

Mr. Fraser (Peterborough): I am not objecting to that. The minister has said that they will allow hunters and pack trains to go through at certain times. How are people to know when they can go through? There is a no trespassing sign at the gate. How does one know when he can go through; that is what I am getting at. There must be something definite about it; it cannot be left in this hit-and-miss fashion.

Mr. Lesage: Next year, when my estimates are being considered, I shall be able to answer the question because, before the hon. member for Red Deer goes through, I shall have gone through myself—at least I shall have made a try.

Mr. Fraser (Peterborough): The minister is going to prepare the way for the hon. member for Red Deer so that he will be able to go into the ranch; is that it?

Mr. Shaw: Some reference has been made to the added cost of supervising this area. I am given to understand that one of the park rangers is spending quite a bit of time there, anyway, particularly during the hunting season. Many of these hunters have been accosted by the ranger, whose name I can give if required. I should like to know two things: Are there any other horses, outside of government-owned horses, pastured in the Ya-Ha-Tinda area?

Mr. Lesage: Well, I am informed by the director of the parks branch that, to his knowledge, the answer should be No.

Mr. Shaw: Then, I have one other question, and then for the moment, I shall leave the matter. Reference has been made to a ranch foreman and manager, or some such officials; I am not sure as to the exact terms used. Are those men on the payroll of the federal government?

Mr. Lesage: Definitely.

Mr. Hodgson: Does the minister say there are only two men on the payroll to look after this park or ranch, or whatever it is called?

Mr. Lesage: That is correct, according to my information—except in haying time, when there is a temporary haying crew.

Mr. Hodgson: The minister had better look at it again and see whether there are not some horses on the payroll.

Mr. Herridge: I should like to say a word or two about the Revelstoke park, because many of my constituents are interested in that park, which is situated on the mountain at Revelstoke. I, too, have been interested in it since it was established. First of all I notice the minister has said that he is going out west to take a look at things. I do urge that he get off the train at Revelstoke and that he should not fail to visit the Revelstoke park. It is a very beautiful one on the top of a mountain, with a beautiful eighteen-mile drive leading up to it.

I would bring to the minister's attention the manner in which the records for that park are kept. According to those records only Canadians visit the park, and there is no reference to citizens of the United States or of other countries visiting there. I know the record is quite incorrect because on a number of occasions I have been to the top of the mountain with visitors from the United States and Great Britain. I have met hundreds of people from places outside Canada who have visited the park during my residence. I suggest therefore that it should get credit for having entertained these outside visitors, because those visits indicate an interest in the park far beyond the confines of Canada.

I suggest further that when the minister visits the park he should take a good look at the construction of new buildings there. I shall not say more on the subject but I would

like to have his opinion as to whether those buildings are the right type to be built at the top of a mountain, in a park.

In view of the unique nature and the elevation of this park, as well as its beauty, I suggest more money should be spent in its development. I happen to know that people from the United States and from the old country visit it whenever they come to British Columbia, and that they are keenly interested in it. I do suggest that more money should be spent in the development of the Revelstoke park.

I do not know what the government's policy is and whether it would spend more money on the park if the Canadian Pacific railway were to build a hotel at the top of the mountain. However I have noticed that advertising by the travel bureau is coincidental with the information sent out by the two railway companies. I would urge again that the minister look into the possibility of spending more money on the development of this park.

Mr. Dufresne: A short time ago we heard reference to one hundred and fifty horses living in an area of eighteen square miles. Well, if hon. members do not like the sound of that, I would point out to them that we have labouring people in my home city, families of eight or ten, living in three-roomed apartments. Do you not think, Mr. Chairman, that it would be reasonable to keep these horses in an area of possibly a couple of square miles, instead of eighteen square miles, and thus permit the people of Canada to have access to this park?

Mr. Harkness: I should like to make a plea to the minister, one which the late Mr. Adamson and I have been making to successive ministers who have been in charge of the national parks over the last nine years. It is a matter concerning which, unfortunately, very little has been done. I refer to the improvement of skiing facilities in the western Rockies, particularly in the area leading out from Banff and Lake Louise, and crossing the Alberta-British Columbia border. We have in that area, and perhaps to a somewhat lesser extent in the Jasper area, the finest skiing to be found anywhere in the world. Unfortunately it is not used to any great extent because the number who visit there from eastern Canada, as well as from the United States and other countries, is relatively small. The number is nothing like as great as the number who go to much less desirable skiing areas in the United States and, of course, there is no relationship whatever to the great numbers who visit Switzerland, the Austrian Alps, and places of that kind.

We do not expect numbers as great as those who visit the European skiing resorts because we realize that there are not such great numbers of skiers on this continent. I am convinced however that the number of tourists and, of course, the revenue to the country and to the parks in particular, could be greatly increased by the improvement of skiing facilities. Those now available are limited and relatively expensive. For a number of years the late member and I advocated that the department should do a great deal more work by way of clearing ski trails so that people could go on ski trips to the mountains. It might make some effort to provide huts, such as are found in large numbers in the European skiing areas. These huts could be built at a relatively small cost and could be used by those skiers for overnight shelter, and things of that sort. The same trails, of course, could be used in the summertime by hikers. That is one thing which would not cost a great deal of money and it would greatly add to the number of people who could make use of skiing facilities in our Rockies during the winter months.

Another matter is the provision of a somewhat larger and better airstrip than exists at Banff at the present time so that the people can come in by air. To some extent that has had an effect on the number of people who go there to ski. In view of the present transportation methods and so on, one of the facilities that could be improved is the airstrip at Banff, which is quite small and undeveloped. Perhaps an expenditure of a considerable sum of money is not justified on that airstrip, but a certain amount of expenditure in order to increase its size is justified.

I wish the minister would go very closely into the question of the improvement that could be made as far as skiing facilities are concerned. I am absolutely certain an improvement in those facilities will pay big dividends, not only as far as this particular park is concerned, but as far as the entire tourist industry into Canada is concerned. If he will consult with the director of the Canadian travel bureau—I believe that comes under his department—he will agree fully with that view that that is one way in which we can materially increase the number of tourists, and therefore the number of tourist dollars we see in this country.

In addition to these general remarks, I may say that the youth hostels have increased quite considerably in the national parks out there, the Banff and Jasper national parks. I do not know about the British Columbia parks, but I think there has been some development of youth hostels in them also.

Can the minister tell us under what conditions those youth hostels are erected? What assistance is provided by the parks branch, if any, in addition of course to providing the site? How many of those are in existence at the present time?

Mr. Lesage: There are seven or eight of those hostels, and they are provided free of charge to the youth. We supply them with fuelwood, and all necessities of life, except food, of course, garbage facilities, public services.

Mr. Harkness: The service that is provided to the youth by the parks branch is the provision of a site to erect the building on and the provision of fuel. Apart from that no other assistance is given; is that correct?

Mr. Lesage: The buildings are the property of the government and the parks service has erected and maintained them, except for those at Eisenhower junction and Lake Louise.

Mr. Harkness: That is the point I am getting at. The parks branch actually erects and owns the buildings. In other words, all of the cost of the construction has been carried by the parks branch?

Mr. Lesage: Yes, with the exceptions mentioned.

Mr. Harkness: And the buildings are, you might say, operated merely by the youth hostel association?

Mr. Lesage: That is right.

Mr. Harkness: As I think I said before, the development of this youth hostel movement is an exceptionally good one. It has made the use of our national parks available to a large number of young people who otherwise could not go there because they could not afford the charges of the hotels and so on. I hope the erection of those hostels will be continued and expanded. It is one of the finest things that has been done in the national parks in the last two years, and I am extremely glad to see it.

The other matter which I mentioned was the provision of better skiing facilities. Perhaps it can be tied in with the erection of those youth hostels. Some of those youth hostel buildings could be used for skiing purposes in the wintertime. Can the minister comment on the general matter of improvement of skiing facilities which I spoke of a few minutes ago?

Mr. Lesage: I have not been there since the spring of 1946, but I expect to be there this summer and I intend to meet the people who operate under licence at Mount Norquay and to discuss with them facilities there and any improvements that can be made to the present facilities. The hon. member can rest assured that I shall keep his representations in mind when I am there.

Mr. Harkness: I may point out that this business of discussing with the concessionaires of Mount Norquay what further improvements may be made does not even touch on the representations I was making, namely, the provision of ski trails through these mountains, thereby making much more territory available to skiing than exists at the present time. That is one of the difficulties of skiing out there. That is one of the reasons why fewer people go there than otherwise would. The number of places where you can actually go to ski and where there are facilities for people to get in out of the cold are extremely limited. You have only Norquay besides Banff, Sunshine and two or three other places. That is all we have. The very point I am making is that these ski trails and other things that could be used as youth hostels in the summertime are just straight shelters, cheaply constructed. Huts or lodges should be provided so that a much greater area could be opened up to skiers.

Mr. Brooks: Where are these seven or eight hostels located? At what parks in Canada do we have them? Are there any in eastern Canada?

Mr. Lesage: They are all in the mountain parks.

Mr. Brooks: Is it the intention to have any constructed in eastern Canada? We could do a bit of skiing down east, you know, as well as out west.

Mr. Lesage: I will consider it.

Mr. Montgomery: I have a question or two to ask the minister. This may not be the right place to ask it. If it is not, I would like him to tell me. I heard nothing about the revenue derived from these parks. Does the government get any revenue from these national parks? If so, where can we find it?

Mr. Lesage: At page 379 of the estimate book.

Mr. Johnston (Bow River): Before the item is carried I want to bring to the attention of the minister something that has bothered me for some little time in connection with the Banff national park. I refer to the buildings erected in the park area. This is in the town of Banff. I have had several instances of people writing to me in regard to the regulations concerning buildings. I have taken some of these cases up with the department and the officials, and they are working on them now trying to evolve some sort of a solution.

It is a very bad situation, and I am not bringing any particular instance to the attention of the minister at this time because, as I said a moment ago, the departmental officials are looking into some of them. There has been a great deal of complaint, particularly in regard to the erection of duplex buildings in a single-dwelling area, and then in erecting a multiple dwelling in a duplex area. These areas are divided into A, B and C in the park, in the town of Banff itself. I have complaints in this regard. I understand the minister's position and the position that the park officials find themselves in, in regard to these particular grievances. There has been a great deal of lax administration—shall I put it that way—in the past in regard to the construction of houses in the Banff area.

For instance, I know people who have built a duplex in a class "B" area and then having gone ahead—some with the permission of the park authorities and others without permission—and put in an extra suite they of course get into trouble because they have done that. They point out to me that while they themselves are in trouble with the park officials there are many other people living around them who seem to get away with it. I had a list sent to me the other day involving, I would think, about 50 people who are living in areas apparently in violation of the regulations. Now, as I have said, I am not going to make these names public because the park officials are looking into some of these cases. I think though, generally speaking, that the department will have to make a complete revision of the regulations, particularly those in relation to the town of Banff and the national park area, because there are so many conflicting rules that I cannot see how this building problem can be solved within the town of Banff until we start off with a completely new form of regulation.

I am not one of those who wishes to bring problems before the minister when I know that these problems have arisen because of violation of the existing regulations, but I am placed in a very peculiar situation, particularly when people come to me and say, "Well, I have violated the regulations and the park officials are taking it up with me but there are dozens of people living around me who have also violated the regulations and are getting away with it." I hear the remark "Well, they are probably Liberals." I am not going to make that assertion because so far as I know, since the election, and I emphasize that, I do not think there has been too much political interference in Banff. We cannot help having a little of that I suppose, but if there is anything like that I can assure the minister he will hear about it. However, up to the moment I do not think there has been too much interference in that regard.

On this occasion I would like to suggest to the minister that in view of the fact that I have had so many complaints in regard to the building regulations, something more concrete will have to be evolved and there will have to be some further revision of these regulations so that people will know that one family is treated exactly like another. That is all I want to say on that topic at this time.

Mr. Lesage: I would just like to point out to the hon. member that it is quite possible these houses which were not built according to the present regulations might have been built before the present regulations came into force. But if the hon. member has had complaints from people about homes built contrary to the regulations and since these regulations were put into force I would appreciate it if he would let me know the names of the people involved and I will look into the matter.

Mr. Johnston (Bow River): I thank the minister for these observations. Departmental officials are aware of some of these cases and are looking into them now in an attempt to straighten out the situation. But the minister has put his finger on a point there. He has stated that some of these people might have had their homes erected before these new regulations went into force. But I would point out to the minister that that presents a difficulty because if you have a family living in a designated duplex area and there are multiple dwellings in that duplex area it does not make any difference when they were built, trouble is bound to arise. Then again we have people who have a duplex with a suite in the basement, and it is rather difficult to explain to an individual why he cannot go ahead and build a duplex in the same area and put a suite in his basement when the neighbour has one and has had it for a number of years. It is all very well for the minister to say that perhaps that fellow built his house a few years ago. Perhaps he did. I am not going to argue about that. But it is difficult to explain to them why they cannot do the same as their neighbour has already done. That is why I am pointing out to the minister that I think it is high time these regulations were given a thorough overhaul so there will be no misunderstanding on the part of people who build homes in the Banff park area.

Mr. Nickle: Mr. Chairman, there was some discussion earlier this afternoon about the barring of the public from public land, and in connection with that I would like to make a brief reference to another case in perhaps a slightly different category which aroused a great deal of ire and resentment on the part of visitors to Banff last fall, and also considerable resentment on the part of the local people. I refer to the erection of a fence around Chateau Lake Louise which, I am told, rather effectively barred public access to one of the showplaces of western Canada, Lake Louise itself. I would like to ask the minister whether his department plans to take any action to prevent a repetition this year of what occurred during last summer and fall.

Mr. Lesage: You mean at Lake Louise?

Mr. Nickle: Yes.

Mr. Lesage: That whole matter was discussed when I brought in the amendment to the parks act during this session and I have nothing to add to what I said at that time.

Mr. Montgomery: I would like to ask the minister another question in connection with the matter I raised a few moments ago. Could the minister give us a breakdown of the amount of revenue which was obtained from each park. Perhaps if he cannot do that at this time he would be kind enough to supply the information later.

Mr. Lesage: I can give the figures for the last full year.

Mr. Montgomery: That is what I am referring to for the others are only estimates.

Mr. Lesage: The figures are as follows: Banff, $350,307.43; Cape Breton Highlands, $9,149.00; Elk Island, $52,205.00; Fundy, $13,584.00; Georgian Bay, $396.00; Glacier, $3,085.00; Jasper, $127,281.46; Kootenay, $92,691.00; Mount Revelstoke, $485.00; Point Pelee, $20,487.00; Prince Albert, $79,304.00; Prince Edward Island, $9,472.00; Riding Mountain, $128,050.00; St. Lawrence Islands, $200.00; Waterton Lakes, $48,590.00; Yoho, $47,351.00.

Mr. Campbell: Mr. Chairman, I was very glad to hear the minister say a few days ago that it was his intention this summer to visit Fort Battleford, Saskatchewan. I am sure he is going to find a great many things of interest to him there and I would add that if I knew when he was coming I would like to be there to welcome him. It is only about three or four years since his department took over the operation of this fort. There is a great deal to be done. I was wondering what the plans of the department are for this summer. Is the minister's department planning for new buildings or for any improvements to the grounds or roads?

Mr. Lesage: Mr. Chairman, we are on item 304. Any questions about new buildings would come under item 305. It would make it much easier for me if such questions were asked under that item. I have quite complete information on each vote, but if I have to go from one to the other, I find myself in difficulties. I should appreciate it greatly if the hon. member would ask his question under item 305.

Mr. Johnston (Bow River): There is one matter about which I want to ask the minister. I am quite sure it does not come under this estimate, however. Probably I should have raised it under the estimates of the Department of Public Works because it has something to do directly with the trans-Canada highway. However, it is a matter which certainly affects our tourist traffic. In the figures which the minister gave a moment or two ago he indicated that Banff national park receives more visitors than does probably any other national park in Canada. One of the things I want to bring to the minister's attention is this. Last year during the tourist season the road going from the Banff gate—that is the east gate—to Banff itself was a disgrace. Then to top it all off, right in the middle of the tourist season, when the tourist traffic was the heaviest, they put about two inches of oil over the top of that road. You should have seen the condition that tourists' cars were in after they had passed over that five or six miles between the east gate and the town of Banff. I would not ask you, Mr. Chairman, to listen to some of the remarks that some of the tourists made when they got to the end of that road.

What I should like to draw to the minister's attention is this. Something should be done before the tourist season starts—I suppose the minister would have to go back to the Minister of Public Works who is the minister responsible for the building of the trans-Canada highway—to see to it that that road is not left in the condition in which it was left last year. In fact, the condition became so bad that Mr. Strong, the superintendent of Banff park, I understand had to go himself to the contractors about that road and appeal to them to do something about it. I understand that was not part of Mr. Strong's duties either, but that he did so in view of the fact that so many complaints were coming to him and so widespread was the dissatisfaction that was felt because of the deplorable condition of that highway. There were holes in it of such a size that a car would almost drop out of sight; and

that is not exaggerating the situation either. It was a most deplorable condition. I would ask the minister, if it is necessary that it should be done, to draw this matter to the attention of the Minister of Public Works; and I would ask them to see, between the two of them, whether that road cannot be put into some decent shape for our tourist traffic this year.

Mr. Lesage: I will talk to my colleague, Mr. Chairman.

Mr. MacLean: I should like to ask the minister a question or two about parks generally. I notice that the parks under his department are of three types, namely scenic parks, animal parks and historic site parks; at least that is how the Canada Year Book differentiates between them.

Mr. Lesage: There are the two types of parks, national parks and national historic parks.

Mr. MacLean: The scenic park is a national park. I do not want to split hairs. In any event, some of the national parks are for scenic purposes and some are for the preservation of wild animals. Is that not correct?

Mr. Lesage: There is only one, namely Wood Buffalo, which is specifically for animals. Even Elk Island park is also for recreational purposes.

Mr. MacLean: I understand. I am concerned chiefly with historic site parks. The minister has a number of those. I was wondering when a historic site is considered to be suitable for the establishment of a park or when it is considered to be justifiable to establish a park at a historic site. Can the minister give any indication as to what are the deciding factors? As far as historic site parks are concerned, I understand that up until recently there was only one west of Ontario. Now I believe there are three on the prairies. As far as I know, however, there are none in British Columbia and none in Prince Edward Island or Newfoundland. I was wondering whether consideration is being given to preserving such places as Fort Macleod in southern Alberta and perhaps Fort Lajoie across the harbour from Charlottetown or any places in Newfoundland. As far as parks generally are concerned, I think Newfoundland is the only province in Canada that has no national park. Is consideration being given to the possibility of establishing a national park in Newfoundland?

[Mr. Johnston (Bow River).]

Mr. Lesage: Mr. Chairman, this department sets up historic parks or declares a certain place to be a historic site on the recommendation of the historic sites and monuments board of Canada. There is on this board a representative of Prince Edward Island. We always seek the advice of that board before we make any decision. Maybe my hon. friend knows about it, but I do not know whether he or any other persons have put before the board a request for the establishment of a historic park or some historic site in Prince Edward Island. That is the normal procedure. Then we get our recommendations from the board.

Do I understand that the hon. member asked a question about the national park in Newfoundland?

Mr. MacLean: Yes.

Mr. Lesage: I do not know whether my hon. friend noticed it or not, but when the Prime Minister announced on Friday the legislation that was still to come before the house before the end of the session he mentioned as a possibility legislation with regard to a national park in Newfoundland. The government of Newfoundland has offered to the Canadian government a certain area for park purposes. We have examined the area. We believe it is a good area for park purposes but we are obliged to wait until the government of Newfoundland can offer this area free of all encumbrances. I realize that some negotiations are going on between the government of Newfoundland and some owners of timber rights so that the latter will give up their interest in the lands which would be in the park area.

Mr. MacLean: I thank the minister for his answer. I have another question. It occurs to me that since Newfoundland has come into confederation so recently, unless they previously had some system of marking historic sites that have now been taken over by the historic sites and monuments board there would naturally be a great backlog of work to do with regard to marking historic sites in Newfoundland. What progress has been made or what is the position?

Mr. Lesage: Some historic sites have already been marked in Newfoundland. Two were marked in 1952 and two in 1953. Does the hon. member wish to have the list?

Mr. MacLean: No. I think I am correct in saying that in Canada as a whole there are over sixty provincial parks. I believe six provinces have provincial parks and the other four have not. Is any assistance given to

provincial governments with the idea of establishing provincial parks in those provinces where there are none?

Mr. Lesage: My attention is drawn to one recent case where we sent somebody to Newfoundland to help the authorities there to set up a provincial park in Newfoundland.

Mr. MacLean: I notice that this department engages in hatching fish, as does the Department of Fisheries. It seems to me that might be duplication. Has any system been worked out whereby that type of work might be done for the department by the Department of Fisheries? I also notice that the department employs weather observers. The Department of Transport is the largest employer of weather forecasters and observers. Has any effort been made by the minister's department to borrow such observers from the Department of Transport rather than the department hiring such people?

Mr. Lesage: So far as fish hatcheries are concerned, I visited the hatchery at Banff, and I understand that the fish kept there are trout. Maybe there are other kinds. I am not an expert on fish, but I saw beautiful trout there and I realized that they were not for commercial fishing purposes but for sport fishing, which is quite different from the operations of the Department of Fisheries.

Mr. MacLean: Perhaps even more beautiful trout are hatched in a hatchery in my riding and I do not think it is operated by the minister's department; I think it is operated by the Department of Fisheries.

Mr. Lesage: You are very lucky.

Mr. MacLean: It aroused my curiosity to notice in the list of employees of the department that there is a sailmaker. What does he do?

Mr. Lesage: I did not hear what the hon. member said.

Mr. MacLean: A sailmaker is employed by the department. I was curious about his duties.

Mr. Lesage: He repairs tents and canvas for construction camps in the parks. There is no position of this kind, this year.

Mr. Dinsdale: I have a question with respect to traffic regulations in the parks. As the minister knows, Manitoba highway No. 10 passes through Riding Mountain national park. About a year ago, I believe, a bus service was established between the southern part of the province and Flin Flon. I understand that a trip charge is made for buses moving through the park and also that the matter is under consideration. Has there been any change? It is not a heavily populated route at all. The passenger revenue is rather small and as a result the situation is rather awkward.

Mr. Lesage: This is not a main highway but a park highway. There is an alternative route to Flin Flon, which is the provincial highway. I understand that the road through the park is shorter and that is why many of these buses follow that route. But we must not forget that these roads are built for park purposes out of moneys that come from the general taxes of Canada and not from gasoline taxes collected by the provinces for the building of roads. There is a nominal charge, the revenue from which represents a very small amount of the cost of the building of that road which should be preserved for park purposes, especially when there is an alternative highway by which to go to Flin Flon and northern Manitoba. We do not prevent the use of it, but if somebody uses it he has to pay the entrance fee to the park in the same way as anybody else. Incidentally, it is a very small fee.

Mr. Dinsdale: I think the purpose of the service is to serve points other than those located on the roundabout route to the north. The service was put into operation by request as a convenience to the people of the northern part of the province.

Mr. Lesage: That does not change the principle.

Mr. Dinsdale: I take it that the basis is still the same. The matter is not under consideration at all?

Mr. Lesage: No.

Mr. Knight: Is there any timber being cut in national parks anywhere in Canada with the exception of such timber as is required for the administration of the parks? Is there any such thing as timber berths being granted to commercial lumbermen or lumber companies in the parks?

Mr. Lesage: Generally there is some timber cut for use in the parks, but with respect to Riding Mountain park—the hon. member for Dauphin is quite aware of this—some cutting by settlers is allowed under permit from us. However this is done according to well known forest management regulations. In Wood Buffalo park we allow some timber cutting by Eldorado Mining and Refining company but the company of course pays the regular dues for it.

Mr. Knight: But in the sense of my question I take it that there is actually no commercial cutting of timber in the national parks of Canada?

Mr. Lesage: No, except in Wood Buffalo for Eldorado Mining and Refining Limited. I am also informed that there are four or five permits which existed before the western parks were created. These permits were not abolished and the people who held them still can cut, but according to well known rules of forest management which are pretty severe in our case.

Mr. Knight: I hope the minister's face is set against that sort of thing. Certainly mine is.

Mr. Lesage: Definitely.

Mr. Knight: I am a little worried about when the leases expire to which the minister has referred. Are they in perpetuity?

Mr. Lesage: I will have to look into the matter of the expiration dates. It is of no relative importance.

Mr. Knight: If any of it is being done it is of importance to me and I think to the people of Canada. I should like to remind the minister of what, in my opinion, was the rather scandalous situation that existed in the park to which he has made reference, Riding Mountain park in Manitoba. It was before the minister's time in this department, but I believe it is a fact that the particular lease that was held by a lumber company for that area allowed this company to cut timber there as long as there was anything of any commercial value. It eventually got to the point where the company was cutting the small trees for fence posts.

Mr. Lesage: That is all over.

Mr. Knight: I am pleased that it is all over, and I think it should be kept that way. I directed my question to the minister to ascertain if these leases had run out. So far as Riding Mountain park was concerned, the company got the timber and the people of Canada got the stumps. I think that was true in that particular case. A few years ago I was assured that so far as Riding Mountain park was concerned the matter had come to that conclusion and there were no longer any leases in that park.

I should be sorry if this idea of giving leases for almost any purpose in these parks were continued. I was a little worried when the minister admitted that certain timber concessions had been given to certain mining companies—

[Mr. Lesage.]

Mr. Lesage: That is not what I said. I am sorry, but I said that one crown company, the Eldorado Mining and Refining company in the Northwest Territories, had been given the right to cut timber in Wood Buffalo park. The cutting of this timber is permitted under severe forest management rules and under our supervision for something which is considered as essential to Canada. It is only mature timber that is cut at Wood Buffalo park, which is in the far north.

I can assure my hon. friend that I am in complete agreement with him. The reason Newfoundland has no national park yet is that the authorities there are negotiating with some people who hold timber limits and the authorities have to have the land set free of those rights before we accept it. That is the policy of the department.

Mr. Knight: I should like to ask the minister a question which may be a legal question, and that is something I do not know anything about. Where timber leases are given—I have nothing against that—or sold—

Mr. Lesage: We do not give any.

Mr. Knight: —is there some legal method by which it can be arranged that such leases would be automatically cancelled in case that area were taken over later by the nation as a park?

Mr. Lesage: No such leases are given. I have said that once. The ones that are left have existed for years and years before the parks were parks.

Mr. Knight: Once more the minister has not understood my question. I am not talking about leases that are given for national parks. I am talking about leases that are given on public lands of some sort, where there is no park, but if that land later becomes a park is there some way by which a provision could be written into that lease stating that the lease would be terminated when and if the nation assumed control of that property as a national park? This would avoid the situation that arose in Riding Mountain park in Manitoba. As I say, it is a legal question and I do not know whether or not the minister can answer it. I believe I have said enough to at least impress upon the minister the desirability of keeping the property of national parks for the people of the nation.

Mr. Lesage: That is the purpose of establishing national parks. The hon. member and the committee may rest assured that it is my utmost desire there shall not be

commercial activities in the parks. According to section 4 of the act, these areas are reserved for the enjoyment and recreation of the people of Canada.

Mr. Bell: With respect to Fundy national park in New Brunswick, can the minister tell me without too much trouble if the covered bridge at the eastern approach to the park is within or without the park area?

Mr. Lesage: I am informed that it is probably within the park's property.

Mr. Bell: Has the minister given any consideration to the possibility of correcting a dangerous highway hazard where this bridge now exists?

Mr. Lesage: I shall look into the matter.

Mr. Bell: I believe this past year it was necessary to shoot some moose in Fundy national park during the closed season for moose in New Brunswick. After these moose were killed there was some argument as to who had the legal property, the federal or provincial government. I was wondering if it had been decided who actually had the property of these bodies?

Mr. Lesage: Was this last fall?

Mr. Bell: I believe it was.

Mr. Lesage: It was never brought to my attention that there was any difficulty about shooting moose in Fundy national park. I understand that at some time last fall the matter was referred to the Department of Justice, who advised us we had the right to control the shooting of game within the boundaries of national parks.

Mr. Bell: I have another question in connection with the historic sites part of this item. I believe the minister will recall that I have been communicating with him about Fort La Tour in Saint John and the possibility of erecting some monument there. We are agreed there is some difficulty in getting a suitable property for it. Could he tell me if this is just to be a cairn or is it going to be a large site?

Mr. Lesage: Can the hon. member tell me if the question has been submitted to the historic sites and monuments board?

Mr. Bell: Yes, it has gone all through those channels.

Mr. Lesage: And it is now a recommendation to this department?

Mr. Bell: Yes.

Mr. Lesage: I shall look into the matter and let my hon. friend know.

Mr. Bell: I pointed out to the minister in the letter that we would like to have something done this year because we are recognizing one of our early colonists in the person of Mr. de Champlain. It will be the 350th anniversary, and we hope also to be able to unveil a suitable monument to Lady La Tour who made an historical defence in Saint John. This was in early Saint John history when there were Indians running around in central Canada. We would like to see some consideration given to this matter.

Mr. Lesage: I shall have a look at the file.

Mr. Holowach: Can the minister tell us if the government maintains any historic site in Elk Island park in Alberta? If so, what was the cost of that historic site?

Mr. Lesage: I am informed that in Elk Island national park there is no historic site as such, but there is a building that recalls the activities of the Ukrainian settlers in Canada.

Mr. Holowach: What was the cost of that building?

Mr. Lesage: It was erected some years ago. I did not bring with me all the detailed expenditures in the parks branch over the last twenty-five years. My hon. friend will understand that I could not do that. I have the expenditures for last year and for two years ago, and the estimates of what we expect to spend next year. But it was difficult for me to bring a complete library into the house.

Mr. Holowach: Was it not put up two years ago?

Mr. Lesage: A few years ago; before my time. I do not know just when it was.

Mr. Yuill: Are there any plans for extending the scenic routes in Jasper national park? I understand there has been some correspondence on that point from the chamber of commerce in Jasper requesting the extension of certain routes within the park.

Mr. Lesage: I suppose the hon. member is referring to the Banff-Jasper road. We are going to pave ten miles of that road at what we call the Jasper end, and rebuild ten miles this year starting from Lake Louise in the direction of Jasper.

Mr. Yuill: I am glad to hear that.

Mr. Lesage: It is very costly.

Mr. Yuill: Those were not the roads to which I had reference. I was attending the committee on agriculture when the earlier

discussion took place on this subject. However there are other roads in the area to which the chamber of commerce referred in its letter to the minister which, I understand, he received recently and of which I have a copy. Would the minister's department take kindly to the establishment of a winter as well as a summer resort at Jasper? We have at that point facilities unsurpassed in Canada. I understand some representations have been made along those lines.

Mr. Lesage: I have received representations from the Jasper chamber of commerce and from others, and the matter is under consideration.

Mr. Hodgson: What price does Eldorado Mining and Refining pay to the department for the timber cut in the park, and is it purchased on a stumpage basis, or so much per thousand log feet? How much have they taken?

Mr. Lesage: So much per thousand board feet.

Mr. Hodgson: How much?

Mr. Lesage: I do not know.

Mr. Hodgson: Your officials should know.

Mr. Lesage: I shall have to look into it, and send the information to the hon. member.

Mr. Hodgson: Is any reforestation being done there?

Mr. Lesage: The cutting being carried out by Eldorado Mining and Refining affects only the mature timber.

Mr. Hodgson: Is that timber being cut under the supervision of the parks board?

Mr. Lesage: Definitely, yes, under supervision of the department.

Mr. Hodgson: They are not just slashing it out?

Mr. Lesage: No. It is done according to the rules of forest management as set down by the forestry branch. Our officials are following the work all the time. I suggest it would be easier to discuss the matter when we are considering the estimates for that branch.

Mr. Hodgson: In many places they reforest at a rate of two trees for each one cut. What is being done there?

The Chairman: Shall the item carry.

Mr. Churchill: I should like to refer to Riding Mountain national park. The figures given by the minister indicate that this park is the second greatest revenue producer of all our national parks. I note from the report of the department of resources and development, as it was then known, for March 31, 1953 that in point of attendance it ranks second, with a visitor roll of 409,518 for the year 1952-53.

When on December 11 of last year we were considering the amendment to the National Parks Act I discussed with the minister the necessity for a bus depot at Riding Mountain national park. In view of the large number of visitors who go there I advanced at that time an argument in favour of the establishment of a bus depot. The minister said that it was up to the bus company to establish such a depot. However he concluded his remarks by saying that of course he would look into the matter. I wonder if in the interval the minister has looked into the matter and whether he is now prepared to make some announcement.

Mr. Lesage: I have looked into the matter and the announcement I can make at this time is that the more I have looked into it the more I have been convinced that the present policy is the right one—that any bus depot would have to be built by the operators of the buses.

Mr. Churchill: I do not disagree with that; but my point is that a bus depot should be established there, and that the department, which permits the buses to enter the park, to operate on the roads of the park and to stand at the sides of those roads, has certainly made some concessions to the bus operators and might very well request them to establish suitable accommodation for the people who go in. The number of people who enter Riding Mountain national park each year by bus is very large and, as I pointed out in December —and I regret having to repeat it—there is no suitable accommodation for the passengers. They have to debus into a lane and there is no place under cover for their luggage or for themselves, with the exception of a workroom in a garage. There is no rest room for bus travellers; in other words there is no accommodation whatever. The substitute for a bus depot is a filling station, at the front of which the tickets are purchased. The luggage and the passengers are placed in the centre of the filling station where work on the repairing of cars is carried out. On a rainy day anyone who is waiting for a bus must crowd into that area to get shelter.

The condition is far from statisfactory. This is the second most important national park in Canada from the standpoint of revenue received from visitors. It is visited by people from the western provinces and the United States. In some respects it has been kept up to a high standard. However one of the

lamentable omissions has been the lack of accommodation for people who come in by bus. Those who enter by car have places to go, and may rest in their cars; but bus travellers receive no consideration at all.

Let me make it clear that the people who are looking after the interests of the bus company by way of selling tickets and arranging for travelling on the bus are performing a very efficient service, within their limitations of space. I would point out, too, that there is ground available for a bus depot. I think it has been left vacant purposely all these years in the hope that a bus depot would be established there. How does one have it established? I am asking the minister to urge upon the bus company the establishment of a depot for the accommodation of visitors to the park.

Mr. Lesage: I will send them *Hansard.*

Mr. Churchill: I think the minister has to do more than send them *Hansard.* I am perfectly sure they will be quite pleased to read what I am now saying, but I should like some better action than that. If it is left to a casual remark, or something of that nature, I am sure nothing will be done. In the interests of the national parks and of the public does the minister not think this is essential accommodation? Other things are provided in the national park for the accommodation of visitors, and a bus depot would fill a long-felt need. I am pressing the minister to continue his investigation. Surely he is not just going to leave it at this stage, at which I say something about it in the house and he makes a remark about it and it is just left there. Can the minister not consult with the superintendent of the park and see what arrangements he may have attempted to make in the past with the bus line? He can communicate directly with those who operate the buses and suggest to them that this is an essential part of their service to the public, and if they—

Mr. Lesage: That is what I wanted to hear. And if they—

Mr. Churchill: These are things—

Mr. Lesage: What is the threat?

Mr. Churchill: —that can be done.

Mr. Lesage: And if they do not?

Mr. Churchill: The bus line would not be running its service into that park unless it was at a profit.

Mr. Lesage: That is none of our business. The franchise is provincial.

Mr. Churchill: That is quite true. I was interested in that some years ago and had something to do with arranging for a direct bus service from Winnipeg to the park instead of a change of buses at Neepawa or Minnedosa and the provincial authorities and bus lines co-operated magnificently. Now there is a direct service right to the park from the city of Winnipeg. What I want to impress upon the minister is that the number of people who go in by bus is very large. I have travelled up there by bus several times during five successive summers. I know the circumstances extremely well. I have gone there and this business of standing out in the rain or enduring the dust and having no place for your baggage is not pleasant, and I have seen other people enduring the same difficulties which are not necessary in a national park of this standing.

The erection of a bus depot at the Riding Mountain national park would not be a very expensive undertaking because naturally it does not have to be of the same standard as one that faces winter conditions. It would be used only in the summertime. These parks are established for the convenience of the public as recreational areas, and surely we should make sure that in those recreational areas proper accommodation is provided for all types of travelling. I reiterate that at Riding Mountain national park, which is the second most important park from the standpoint of attendance and revenue, there is no suitable provision for those who come in by bus. What will the minister do about it?

Mr. Zaplitny: Mr. Chairman, I first want to say that I agree thoroughly with the representations just made by the hon. member for Winnipeg South Centre. May I suggest a solution to the difficulty, if the minister does not have one handy? He could satisfy both the request made by the hon. member for Brandon-Souris and the one made by the hon. member for Winnipeg South Centre, if he would suggest a deal to the bus company of relieving them of the fee that they now have to pay in order to drive through the park in return for proper bus accommodation.

I have two questions I should like to ask the minister in connection with the Riding Mountain national park. First, I believe last fall or last summer recommendations were made to his department in connection with skiing facilities at that point. At the present time there are no skiing facilities and, as is well known, the park is inactive during the winter months. There has been

considerable investment, both from the point of view of the treasury and privately, in the facilities of that resort.

If investigations were made the minister would find that there are good possibilities for skiing in that area. It would bring additional revenue and make greater possible use of the Wasagaming resort. I believe it would be desirable. Has the minister looked into that question?

Mr. Lesage: This is one of the things we have under active consideration. We are investigating now what the effects of the necessary cutting of timber and wood on the slopes would be on the run-off of water. The setting up of a skiing resort in the Riding Mountain park is under active consideration. The possibilities are being studied very carefully at this time.

Mr. Zaplitny: I am glad to hear that. I shall leave it at that. The other question is in connection with big game animals within the boundary of the park. I was very interested in the exchange of opinions a few moments ago in connection with another park. I am not sure that I have the name of the park, but I think it was the Fundy park in the maritimes. The minister related the opinion of the Department of Justice that so far as all game within the boundaries of the national park is concerned, it is under the jurisdiction of his department. In other words, the proprietors of those animals are the department which administers it. That is a very interesting point, and I am glad he takes that attitude because we have a problem in connection with the Riding Mountain national park which has been causing some headaches for a number of years and has given rise to considerable dispute as between the province and the federal department.

Every few years that there is a late harvest —and there appears to be some danger of a late harvest this year again—large numbers of elk particularly and some deer come out of the Riding Mountain national park and damage the crops of the farmers who were unable to harvest them in time. If the crop is early and they can harvest it at a normal date not too much damage is done because the tendency of these animals is to come out late in the fall, particularly after the first snowfall. On several occasions elk have done serious and widespread damage. I have inspected it personally, and I speak from personal knowledge.

I have seen fields of flax which would have yielded from 20 to 25 bushels an acre completely destroyed and trampled into the ground. The same thing has happened with wheat, oats and other crops as far as a mile and a half, and in some instances two or three miles away from the boundaries of the park. When those farmers whose crops were lost attempted to obtain some compensation they were given a sort of classic runaround between the provincial government and the federal government. The province maintains that since these animals belong to the federal government—

Mr. Lesage: They do not.

Mr. Zaplitny: —then, they are the ones who are responsible for their actions. The federal government has taken the attitude that the game laws of Manitoba, of course, are under the jurisdiction of the provincial government, which is true, and therefore they feel they do not have the responsibility. Of course there can be a delightful debate from the legal standpoint, but it does not bring any compensation to the farmer. Leaving the legal angles aside there is a feeling that there is a good moral case at least, because if a farmer living near a national park owns a herd of cattle, or horses, or any other animals and these animals find their way into the park and destroy property which belongs to the park authorities, then I am sure the federal government would be quite ready to prosecute the owner of that livestock and claim that he is responsible for the actions of his livestock. I do not think there would be any dispute about that. However, when the reverse happens, when the livestock which is owned by the federal government goes on to a farmer's property and causes damage—

Mr. Lesage: They are not livestock. They are wild animals.

Mr. Zaplitny: But who owns them?

Mr. Lesage: Well, who could own free wild animals? If they were owned they would no longer be free wild animals.

Mr. Zaplitny: Perhaps if they were a little more domesticated they would do less harm. I might point out that perhaps one of the reasons why they do leave the park is because of the crowded conditions. I notice in the case of the park mentioned by the hon. member for Red Deer the authorities see fit to provide 18 square miles for a herd of 150 horses, which works out mathematically at 77 acres per horse, so they must have Trojan horses there to provide such an area. In addition, perhaps if the elk had most pasture facilities within the park they might not leave it. But the legal point, or shall I say the question of justice, is that the minister has just taken the attitude this afternoon that wild animals within the park are the property of the government of Canada.

Mr. Lesage: I have never taken that attitude, Mr. Chairman. When they are in the park they are under our control, but when

they are outside the park they become the control of the provincial authorities. We are doing our best, in collaboration with the provincial authorities, to restrict the wild animal population in Riding Mountain park in order to prevent grazing outside the park limits.

Mr. Zaplitny: But that hardly covers the point. The minister now says that wild animals are under the control of his department so long as they stay within the confines of the park but that the moment they cross the boundary line and go outside the park they come under the control of the provincial authorities.

Mr. Lesage: That is correct.

Mr. Zaplitny: But that does not cover the point at all. Because if the federal government is responsible for the actions of those wild animals which are under their jurisdiction, they are also responsible for keeping them within the confines of their property. I am sure the minister, who is familiar with herd laws passed by rural municipalities, is aware that it is not the responsibility of the municipalities to keep livestock off farms in certain areas. It becomes the responsibility of the owner of that livestock to keep his livestock fenced in or confined to a certain area so that it will not damage other farms. If the same principle holds good in this case, it is the responsibility of the federal government to keep their wild animals within the confines of their property. Of course, I am aware they cannot do that unless they round up some of the horses they have at the other park, put on spurs, and ride herd. But if they are not capable of keeping them on their own property, then the least they can do is to be responsible for the actions of those animals.

Mr. Lesage: What do you want to do, kill the elk and abolish the park?

Mr. Zaplitny: No, not at all; for all I am asking is that the federal government, which has a proprietary right over these animals—

Mr. Lesage: It has not.

Mr. Zaplitny: —or have control—

Mr. Lesage: When they are in the park.

Mr. Zaplitny: Well, the minister is a lawyer and I would hate to see what would happen if he took that kind of case to court. I am glad—

Mr. Lesage: It is a very good case.

Mr. Zaplitny: I am sure he is quite in the wrong if he is trying to tell me now that if the wild animals under the jurisdiction of his department damage someone else's property then he is no longer responsible for their actions. That sort of legal philosophy would not go very far under property and civil rights. I am not asking that these animals be destroyed or the park abolished. On the contrary, I am asking the federal government to be responsible for the actions of the wild animals which come under their jurisdiction and which stray on to farmers' property and cause damage to their crops. The government should be willing to compensate such farmers for the damage done. It would not involve a large amount of money and it only happens once in every two or three years, but certainly it is time we should have a clear-cut arrangement so that the farmers who have suffered damage will know to whom they can apply for compensation or, if necessary, whom they should take to court to sue for damages. So far they have been given a runaround by the federal government and there is no one to whom they can apply in order to collect damages. I would like the minister to make a categorical statement as to whether he feels the federal government has any responsibility under the conditions I have described, and if so, to what extent.

Mr. Lesage: I cannot add anything to what I have already said. These wild animals are under the control of the park authorities when they are in the park. The moment they go outside the park boundaries they become a provincial responsibility and there is nothing I can do about it.

Mr. Knowles: Like a Liberal when he gets out of caucus.

Mr. Weir: Mr. Chairman, I am sure we all know of other parks in which there are deer which often take the notion to run away and visit open farmland and sometimes damage grain, and there simply is not anything one can do about it. As far as responsibility is concerned, what I rose to say to the minister is that if he is having trouble with crops being damaged by wildlife which has strayed from the parklands, and he is considering compensation in that respect, then I think he should also consider the Migratory Birds Convention Act and give consideration also to damage done to crops by wild ducks from nearby lakes. We have ducks from areas not far from those mentioned by the hon. member for Dauphin and I am bound to say that, at certain seasons of the year, I have had many more complaints presented to me in regard to damage done by wild ducks than that caused by deer. This, of course, is a seasonal matter, but if the question of compensation is going to come up in this regard I frankly cannot see why the federal government should be held responsible for such damage. After all, while the game is in the park there is no

problem in so far as damage to the crops outside is concerned. When they are outside the park they are free game for hunters from whom the federal government secures a moderate amount of money through issuing licences. I presume the same applies with respect to birds, and if it is a question of compensation for damage done in a matter of this kind I believe it comes down to a question of the licence fee charged to the hunter to hunt this game and I frankly do not know where one can draw the line in so far as damage done to crops is concerned. They should be limited to the area within the national park, though that is difficult to achieve because these animals can move a considerable distance in a relatively short period of time and if good foliage or greener fields are farther away then the animals will go that distance in order to obtain good feeding. I am wondering where the line should be drawn.

While I am on my feet I want to make reference to what was said earlier in connection with the proposed ski slide in the Riding Mountain national park. This would be a very desirable undertaking and perhaps if we had a greater population in the immediate area the project would meet with even greater enthusiasm than it has so far. The minister has referred to the problem of removing trees from the Riding Mountain area where the ski slide might be established, and the possible effect there might be resulting therefrom because of quicker run-offs, and maybe adding to a rather difficult problem that exists in that area now in so far as flood conditions are concerned. But along with it, as I have understood the situation, arises the problem of winterizing facilities in the park area. My understanding is that the facilities there for the accommodation of the public are privately owned and that, as such, it would be private initiative that would have to winterize those things to make suitable accommodation out of them.

There is another problem that arises in this same connection, namely the facilities for reaching the park. The railway facilities are not immediately adjacent to the park. You have to go in either by way of McCreary or Erickson which are some little distance out of the park area. Otherwise it would be largely a matter of automobile or bus travel. However, that is perhaps something that does not stand completely in the way but it is one of the problems that arise therefrom. But having regard at the same time to the people who would use the skiing facilities, it would look to me as though it would be largely a holidaying crowd there for week ends or longer periods. Perhaps we should assist in providing facilities for those people, but I cannot see it immediately as a place where people would go in only for the week end for skiing purposes. It would look to be a project for a sort of winter resort. Maybe that has something to commend itself and perhaps it will as time goes on. But in the same light I point out this other fact in so far as skiing is concerned.

I must confess that I do not know where our skiing enthusiasts in Manitoba reside. We have had two ski undertakings in the southern part of Manitoba, one at La Rivière and the other at Roseisle, that were given considerable encouragement by week-end excursions by both our railways. I think a good deal of pleasure was gained therefrom and to some extent they are being continued, but the railways have discontinued the service which was a week-end service, I think maybe largely on Sunday. I would hope that the minister would continue to give his usual careful attention to this undertaking. If we can have a winter resort in Manitoba, I am all for it. But at the same time I think that a careful survey should be made of the population that is likely to use those facilities and to what extent tourists or ski enthusiasts from outside of our province might be induced to use those same facilities and certainly those from areas other than those immediately adjacent to it. In reviewing this matter I hope the minister will continue to keep those areas in mind.

Mr. Knowles: I should like to say just a word once again in support of the request and the very good case made by the hon. member for Winnipeg South Centre in respect of the establishment of a bus depot at Wasagaming in Riding Mountain national park. I need not develop the argument because it has been put very well, but I should like to ask the minister specifically whether his investigation in this matter included conversations or correspondence with the bus people. If so—well, I need not pursue that question because I see him shaking his head.

Mr. Lesage: No.

Mr. Knowles: The minister did not get in touch with the bus people?

Mr. Lesage: No; I did not.

Mr. Knowles: I do not think that is a satisfactory situation. I realize it was the minister's predecessor whom we addressed on this question—

Mr. Lesage: No; it was myself.

Mr. Knowles: It was in December of last year.

Mr. Lesage: It was I.

Mr. Knowles: However, it seems to me that to deal with this matter at all would require contact with the bus companies. I will go a little bit further than did my neighbour the hon. member for Winnipeg South Centre. He suggests that they might be requested to establish a bus depot. It seems to me that since they get their permission to do business in the park from the park authorities—the minister is shaking his head.

Mr. Lesage: No, no. The bus company does not get permission from the park authorities. There is an entrance fee for buses.

Mr. Knowles: Oh, yes.

Mr. Lesage: They pay the entrance fee at the gate and they are entitled to pass just as any other motor car is entitled to pass. The franchise to operate from one point to another in the province of Manitoba is under the jurisdiction of the provincial authorities as it is in any other province.

Mr. Knowles: Who is responsible for the roads inside of Riding Mountain national park?

Mr. Lesage: That is the point. We are building and maintaining the road, but we are not collecting the gasoline tax to do that. We are doing it for park purposes. The road is open because it is an alternative route by which to go up to the northern part of Manitoba, a fact which the hon. member for Brandon-Souris mentioned a few moments ago.

Mr. Knowles: The minister says that the federal government is not collecting the gasoline tax but he admits that the federal government is building and maintaining roads in the park.

Mr. Lesage: Surely.

Mr. Knowles: And that the federal government collects a fee from every vehicle that goes into the park.

Mr. Lesage: Yes; but that fee does not begin to pay for the roads.

Mr. Knowles: Whether it is a fee for one trip or is a one-season fee, I suggest that the authority which collects that fee from the buses is certainly in a position to lay down the conditions under which those buses will go into the park. I should be perfectly willing for the minister, in the first instance, to follow the suggestion made by the hon. member for Winnipeg South Centre and request that they give consideration to this matter. But if they are not willing to consider it on the basis of a request, I think the government should go further and require it. I submit that it is a matter of some disappointment—I am sure the hon. member for Winnipeg South Centre will feel that way as I am sure will all of us in Manitoba—to discover that the minister has done nothing about the matter since it was presented to him, except his claim that he has gone into it and that he has considered it.

Mr. Lesage: Surely.

Mr. Knowles: He has considered it but he has not taken it up with the people who might do something about it. I hope we will get a better report next time.

Mr. Lesage: I was asked to consider the advisability of having this department pay for the building of this bus depot.

Mr. Churchill: No.

Mr. Lesage: I said at that time that I believed it was up to the operators of the buses to build that station. The hon. member for Winnipeg South Centre insisted that I again look into the matter more carefully, and I did so. But I never could come to the conclusion that it was up to this department to build a bus depot. My view was that it was up to the bus operators to do that, as was done in Banff national park.

Mr. Knowles: Did you tell them that?

Mr. Lesage: Mr. Chairman, if the bus service there is not under any permit or licence from this department, it seems to me that the request for the building of a bus depot which is now made by the members for that region, shall I say, instead of being addressed to me, one who has nothing at all to do with this service, should be addressed to the bus company. That is what happened in Banff park. The Greyhound bus company has built itself a bus depot. A few moments ago I said I was going to send *Hansard* to the bus operators. More and more I believe I am going to do it.

Mr. Churchill: Mr. Chairman, I hope the minister does send *Hansard*. Then the people who read it will get the correction which I now offer. As I recall it, the minister said that I was insisting that the department build a bus depot in Riding Mountain national park.

Mr. Lesage: That is what the hon. member did last year.

Mr. Churchill: I said no such thing at all. In my remarks last December—and repeated today—I stressed the necessity for a bus depot. I was not asking the department to build it or insisting that the department build it. If it is more proper for the Greyhound bus line to build the bus depot, well and

good. My point is that the department has a responsibility to the visitors to that national park whose numbers are in excess of 400,000, many hundreds of whom enter that park by bus. How the department discharges that responsibility is in the lap of the minister.

Mr. Knowles: What a lap!

Mr. Churchill: When the hon. member for Portage-Neepawa was speaking he suggested that he was confident that the minister would give his usual careful consideration to the point that the hon. member was raising. I have not the least confidence that the minister will give careful consideration—

Mr. Lesage: If the hon. member keeps on like that there will be a good chance that I will not.

Mr. Churchill: —or that he has given careful consideration to this point. There is nothing usual about what he has been doing that has any relation to careful consideration. But there is a responsibility on the part of the department to people who visit our national parks. We provide many other things for them in the national parks. As my colleague from Winnipeg mentioned, a road system is provided in the national parks. Golf courses, swimming facilities, bath houses, tennis courts, bowling greens and all sorts of things are provided. In Riding Mountain national park there is a museum and beautiful flower gardens to interest those who go there.

National parks exist for the pleasure, enjoyment and recreation of the people of Canada. A bus depot at Riding Mountain national park would simply be proper accommodation for those who enter that park by bus. We have suggested to the minister ways and means of getting that accommodation provided. I feel he has brushed us aside a little bit when we have asked that he correspond with the bus company, take up the matter with the superintendent of the park, investigate the various angles and find out for himself the number of people who go there by bus. I do not have accurate figures, but I have been there when three buses fully loaded have arrived at the same time, followed in the afternoon by others. That goes on during the summer season day after day with, of course, the main emphasis on the week ends. I have arrived there with over one hundred people coming there at one time by bus just on one day. Therefore I feel safe in saying that hundreds of people enter the park by bus, and they have no suitable accommodation when they debus or when they assemble to catch the bus for the return journey.

[Mr. Churchill.]

In my opinion the minister must apprize himself of the facts and discharge his responsibility to those who visit Riding Mountain national park. I would stop at this point and wait for a reply from the minister but I feel that he will make some noncommittal remark. Therefore, having now interested him in Riding Mountain national park, I will go on and suggest certain other things that might be done there for the convenience of the visitors and for the protection of the park.

Mr. Knowles: I suggest that he go there, and that he go by bus.

Mr. Churchill: I hope he will. I would be very happy to travel with him by bus. We might have an interesting conversation en route and when we got to our destination. I have been familiar with Riding Mountain national park from its inception and have resided there in tents and cottages since 1930 with the exception of the war years. Therefore I know something about the place. My impression is that just prior to the war it was in better condition than it has been since, although the last two years have seen considerable improvements made in the road conditions and so on.

I was very much concerned to note that some time during the war years certain facilities disappeared from the bathing beaches at the park. There used to be a high diving board on which the young people enjoyed themselves. That disappeared in the interval and so far as I know has not been re-established. I would point out to the minister that it is rather important to check the small piers that are dotted along the shore of the lake in the settled area. There are quite a number of them and he should check them to see if suitable repairs cannot be made. A few years ago they were damaged considerably by ice and high water. As a result they have become shortened leaving at the end of them, submerged under water, rocks and shortened piles. This creates an extremely dangerous condition for people who want to dive off these piers. The small piers are used by people for bathing and diving purposes.

We know that every year at some summer resort someone dives into shallow water or into a place where there are rocks and suffers serious injuries. Two years ago I drew this matter to the attention of the department by letter and some adjustments were made. The piers were repaired to a certain extent, although not necessarily as the result of my letter. Small signs were placed at the end of the piers saying "danger" but I think that is not sufficient. I think the piers should be

rebuilt to their original length thus covering up the rocks and piles that are under water. Strangers coming there late in the evening sometimes go down to bathe and in the excitement of the moment, and unaware of the condition, they might dive off the end instead of the end of the piers. It would be very serious for anyone who suffered this misfortune.

I also suggest to the minister that in view of the steadily increasing attendance at Riding Mountain national park—the report for 1952-53 shows an increase in attendance of 75,429 just in one year—more facilities should be provided at the beaches. There is a long pier which is crowded on holidays and Sundays by hundreds of people milling about and jostling each other. After almost twenty years of existence of that pier it might well be considered that a second pier should be constructed. The present long pier is used of course by people who are going on boat excursions and by the launches which take visitors around the lake. It is also used by people who swim off the pier. It is very crowded and tends to be very dangerous for the swimmers with launches coming in and out. Perhaps after twenty years a second pier should be constructed.

I suggest to the minister that, in keeping with developments at other summer resorts, better facilities should be offered for young children. I have seen summer resorts where small slides were provided near the shore for young children. There is nothing at all of that kind at Riding Mountain national park. There is just the beach. There are similar things that might well be done.

In the time of high water a few years ago the walk along the beach that extended for a mile or two was destroyed. It has been repaired in part during the last two years. That again is something that needs looking into so that the standard of the park will be maintained as it was before the war. In some places where the cliff is a bit steep, wooden steps were built down to the shore in the early stages of the park. These suffered from decay, and in some instances they have been taken out and replaced only by gravel. The steps are steep and slippery, and I have wondered why the wooden stairways were not maintained or replaced. These are some of the things with regard to Riding Mountain national park that deserve attention and consideration. In its general appearance it is a credit to Canada. It is a credit to those who have been in charge of the operation over the years, and certainly it is a credit to the gardeners who look after the lawns and flowerbeds. But the standard of the park needs constant supervision and maintenance. I suggest the minister make it one of his main items of investigation when he goes there this summer to make final plans for the construction of the bus depot.

Mr. Regier: I should like to say just a little bit about one of the national parks that is under consideration. I should like to say how pleased the people of the lower mainland of British Columbia were at hearing that some active consideration is being given to the establishment of a national park in Newfoundland. However, we would like to point out that there are upwards of 700,000 people living within a very closely confined area on the lower mainland of British Columbia.

Not long ago we had a return tabled in this house including some correspondence that had taken place in regard to this matter. The people of the lower mainland immediately took great interest in the contents of that correspondence. I can assure the Minister of Fisheries that the people there are not going to easily forget the letter he wrote to the Minister of Northern Affairs and National Resources, in which he advocated and held forth the possibilities of the area known as Garibaldi provincial park. We were happy also to notice the answer the minister sent to the Minister of Fisheries. The answer indicated that if and when the government of British Columbia was willing or able to build a first class highway to the entrance of Garibaldi park, and if and when the government of British Columbia was willing to offer the unencumbered title to the lands to the federal government, then the minister assured us he would give the matter most sympathetic consideration.

I know we do have some national parks in British Columbia. However, these national parks are hundreds and hundreds of miles away from where most of our people live. Most of our people live in an urban area and many have not the automobile that is necessary to take advantage of the national parks we have. A lot of these people are old age pensioners and people in receipt of war veterans allowance. We have more than our share of these people. They have no park facilities available to them except those provided by the local municipalities. It is true we have the world famous Stanley park. However, when you go there on a Sunday afternoon you are able to see very little because the park is literally overloaded with human beings.

I should like to commend the ministers concerned in this exchange of correspondence. I know that possibly the highway in mind was a Howe Sound highway, leading to the northern entrance of Garibaldi park. I noticed that

some of the local Liberals in British Columbia used the minister's answer in an effort to hamper the attempts of the British Columbia government to complete the Pacific Great Eastern Railway. An attempt was made to tell the people that if we did not finish the Pacific Great Eastern but had the Howe Sound highway, the federal government would take over the development of this great national asset, Garibaldi park. I do not know whether the people concerned did not realize or were not aware of the fact there is a new highway within a very few miles of the southern entrance to Garibaldi park. I hope the government will soon build a main highway off that to the entrance to Garibaldi park, and will at that time offer to hand over the unencumbered title of Garibaldi park to the federal government.

I am firmly convinced the resources of the provincial government are not nearly sufficient to develop Garibaldi park. If the park is developed by the federal government as a national park, and if a highway is built from the southern end of Garibaldi park to the northern end, it will do a lot for the economy of the province. It will help Canada and it will make new recreation facilities available to some 10 per cent of the people of Canada, not to mention the tourists who would visit this park from the United States.

Mr. MacInnis: I should like to say a few words, Mr. Chairman, in support of the argument the member for Burnaby-Coquitlam has made in connection with what is known in British Columbia as Garibaldi park. Strangely enough, shortly after I became a member of this house I had some correspondence with the former minister of the interior, which he passed on to the then minister of trade and commerce, who was a member of the cabinet from British Columbia. I believe it is a fact that the former government of British Columbia, that is, the government of the late Dr. Tolmie, in 1930 or 1931 offered the Garibaldi park area to the federal government for development as a national park.

I was informed by Mr. Stevens, who was then the minister from British Columbia in the cabinet, that the reason the federal government did not accept at that time was that there was no money available for the development. I do not believe that excuse holds today. I am rather sorry that I did not look far enough ahead to have this correspondence with me. It is now hoary with age, but I assure the minister that what I am telling him are the facts, and they can be proven by reference to the correspondence. Everything the member for Burnaby-Coquitlam has said about the beauties of Garibaldi park and the advantage it would be to the large population in British Columbia, which is congregated in that small section of the lower mainland, is quite correct. I would be glad indeed if the minister would give some study to this matter. I can see no reason why he should not study it, because it is so important to British Columbia. In doing so I am sure he would have the support of his colleague who represents that area.

Mr. Churchill: I have been encouraged by the minister to ask one or two further questions. What is the basis of the minister's estimate of expenditures in the various national parks? Does it bear any relationship whatsoever to the number of visitors? Upon making a hasty calculation from the estimates for this year and the number of visitors as shown in the report for 1952-53, I find that at Banff national park the expenditure would be about $2 per visitor, at Jasper about $5, at Prince Edward Island national park 70 cents and at Riding Mountain national park 50 cents. Is there any relationship between the expenditure and the number of visitors?

Mr. Lesage: There is of course to a certain extent; it is one of the factors. But the factors to be considered are numerous and varied. Much depends upon the stage of development. So far as I am concerned, I receive reports from the director of the parks branch in respect of the various parks, setting out what is required by way of improvements in a given park for the coming year. We establish an order of priority, and look into the matter ourselves. We must decide what is a reasonable amount to be spent in a park in any given year, and the order of priority of the various projects. Of course the number of people attending the parks is one factor, and the stage of development is another. The encouragement given to tourists is another. It must be kept in mind that costs in the mountain parks are higher than they are elsewhere, and there are various other intangibles that must be considered. I am sure my hon. friend, with his experience, knows very well the kind of study that must be made, when it comes to a decision as to what will be spent in one park and what in another.

Item agreed to.

National parks and historic sites services—
305. Construction or acquisition of buildings, works, land and new equipment, $3,640,735.

Mr. Campbell: Would the minister answer the question I raised a while ago?

Mr. Lesage: We propose an expenditure of $21,000 this year for the construction of an

administration building and a residence for the museum assistant at Fort Battleford national historic park.

Mr. Campbell: Is any work to be done on the ground, by way of a water system or anything like that?

Mr. Lesage: I am informed a water well has been dug.

Mr. Blackmore: Mr. Chairman, there are several matters I should like to bring to the attention of the committee in respect of Waterton Lakes national park. Those who are not familiar with Alberta will not know that the Waterton Lakes park is located in the southwestern corner of Alberta, bordering on the state of Montana. It is the first of a series of parks running from south to north, including the Banff and Jasper national parks, as well as others.

Waterton Lakes park, as I pointed out to the committee last fall, is in many respects the show-window of Canada owing to the fact that to the south of it is the great Glacier national park in the United States, through which runs the famous Logan pass highway, to travel over which people often journey more than a thousand miles. The fact that so many people go to Glacier park, and that Waterton Lakes park adjoins it, suggests to the average mind that if we could make Waterton Lakes park sufficiently attractive we would bring into Canada those tourists who visit Glacier national park in the United States.

There are other reasons why Waterton Lakes park serves as a sort of show-window for this country, one of which is that the southernmost route of the trans-Canada highway, which runs through the Crowsnest pass, passes within thirty or forty miles of the Waterton Lakes park. It passes through Macleod and past Pincher Creek, so that people who are on that highway running east and west across Canada could visit the Waterton Lakes park; and each one of them who could spare the time and money would certainly do so if we could only make of the park the kind we have dreamed of making it.

In what I am saying I am not depreciating the park in any way. It is very beautiful and is becoming well known. It has tremendous potentialities. In addition to what I have said, it is not very far from the main trunk highway running from south to north in Alberta, entering at Coutts, and going through Lethbridge, Calgary and Edmonton up into the northland which, everyone agrees, will become a veritable fairyland of tourist attraction before very long.

There is one other aspect to which I referred last fall and which I believe is worth repeating. For some reason or another there has not been the amount of development in Waterton Lakes park that it deserves. It has been more or less neglected since around 1920, or perhaps right from its inception. This becomes clear when one considers the amount of money spent there in comparison with the amount spent at Banff, Jasper, and other parks in Alberta. I believe, as do the people of Lethbridge, that somehow or other we should manage to catch up in the development of this park, because money has not been spent there as it has been in others.

With this brief review as a background I wish to ask several questions and make several comments. In the first place the people of Lethbridge riding are very thankful for the work the minister has done within the last year. In thanking the minister, I wish to recall for all hon. members, and particularly those in the country who might not know, that much of the fine development that has taken place in Waterton Lakes park in the last few years has been because of the active interest of the man who just preceded the minister in his position, namely, the present Minister of Public Works. Therefore in thanking the minister we have those two men to thank. As far as I have been able to gather from the way the present minister is attacking his work, I would say that he is going to be one of the greatest ministers that we have had in this department in the history of Canada.

The Lethbridge riding, as I was saying, is grateful for the amount of money which has been spent and which is appropriated to be spent in the Waterton Lakes park in the near future. According to the record on page 380, we find that the amount of money appropriated last year was $190,000 for the building of new constructions in the park, general improvements, and the amount of money appropriated for the present year is $211,725. We are grateful for this. It does not include upkeep of the park, as hon. members know. This is the amount of money that has been set aside for making new improvements and generally increasing the beauty of the park.

I should like the minister to give the committee several sets of details, if he happens to have them convenient. I should like to know how much money has been appropriated for the Waterton Lakes park, for improvement in buildings and the like in the park from the year 1924 down to the present time. That would give us a chance to get a general idea of how much money has been appropriated. Then I should like him to tell,

if he has the figures at his disposal, how much of that money that was appropriated for improvements of the park was not spent in the park but was returned to the department unspent. Can the minister give those figures?

Mr. Lesage: The hon. member was good enough the other day to tell me in advance that he would ask these questions so that I could obtain the figures. I have no record of the appropriations from the fiscal year 1924-25 to the fiscal year 1934-35, but with the consent of the members of the committee I can put on *Hansard* a list of the expenditures year by year from 1924-25 to 1934-35 exclusive and then—

The Deputy Chairman: Is it agreed that the minister can put this table on *Hansard*?

Some hon. Members: Agreed.

Mr. Lesage: The table follows:

Year	Expenditures
1924-1925	$40,130
1925-1926	45,499
1926-1927	47,476
1927-1928	50,999
1928-1929	52,471
1929-1930	68,870
1930-1931	104,360
1931-1932	69,637
1932-1933	78,136
1933-1934	99,505

From 1934-35 to 1953-54 I can give a list showing the amount appropriated in each fiscal year, then the amount of actual expenditures made and then the lapsing balance for each year. With the consent of the committee I should like to place that on *Hansard*.

The Deputy Chairman: Has the minister the unanimous consent of the committee to place those figures on *Hansard*?

Some hon. Members: Agreed.

Mr. Lesage: The table follows:

Year	Appropriation	Expenditures	Lapsing Balances
1934-1935	$138,126	$137,234	892
1935-1936	194,552	194,717	—165
1936-1937	115,439	114,102	1,337
1937-1938	83,683	83,363	320
1938-1939	80,060	79,740	320
1939-1940	164,301	163,816	485
1940-1941	79,633	79,681	2
1941-1942	93,980	92,965	1,015
1942-1943	69,768	69,577	191
1943-1944	72,337	62,364	9,973
1944-1945	68,230	64,984	3,246
1945-1946	115,000	100,243	14,757
1946-1947	118,000	116,348	1,652
1947-1948	141,200	140,988	212
1948-1949	401,763	382,137	19,626
1949-1950	580,316	557,768	22,548
1950-1951	393,799	297,613	96,186
1951-1952	618,608	464,970	153,638
1952-1953	530,090	515,113	14,977
1953-1954	400,410	356,573 (Mar. 31, 1954)	43,837
	$4,731,379		$385,049

I should like to give the following explanations, though, for the lapsed balances for 1950-51 and 1951-52, which are quite large. In 1950-51 the lapsing balance was $96,186, as will be seen from the table on *Hansard*. This amount was made up of lapsed balances in a number of different works and projects. The largest lapsing amount was $20,705 in the replacement of an old bridge over Upper Cameron creek. These lapsed balances occurred for various reasons, such as non-completion of projects due to weather conditions and changes in plans resulting in savings of funds.

In 1951-52 the lapsed balance was $153,638. There was one large project for the hard-surfacing of a number of park roads at a total estimated cost of $323,500. Of this amount, $128,452 lapsed, about half due to non-completion of work, and the other half due to the work being done at less cost than had been expected. The remainder of the over-all lapsed balance for the park was comprised of minor amounts in a number of projects.

Mr. Blackmore: Has the minister at his disposal immediately the amount of money that was appropriated for Banff and Jasper over the years from 1924 to the present time? Does he happen to have those figures or can he give us those?

Mr. Lesage: No. The hon. member drew to my attention the questions that he intended to ask as to Waterton Lakes park, but I did not gather that he wanted the same figures for Jasper and Banff. These questions require quite an amount of work, as he will realize, and I did not think that he would ask the question that he has just asked.

Mr. Blackmore: I wish to thank the minister for his care in giving us the figures which he has already given. I wonder whether the minister happens to have at his disposal the materials from which he can give us an account of the improvements which have been made in Waterton Lakes park during the last year? Does he happen to have those readily at his disposal?

Mr. Lesage: I am sorry. I have what is proposed for this year, though.

Mr. Blackmore: I would rather the minister would keep those and give them to us at a future time.

Mr. Lesage: I do not have the details of the expenditures for 1953-54.

Mr. Blackmore: I just add one request at the present time. In addition to what has been done recently, may I say that, as far as I can judge, during the past two years

the progress in the park has been just about as rapid as one could expect it to be. All we needed was a little more money. Possibly it would not have been easy to spend that money if we had it. There is one important improvement which I feel the country ought to make in the park rather soon. There should be a good swimming pool in the park. In rather earlier times past private enterprise provided a swimming pool, but that swimming pool was condemned. It was thought by those who had charge of such matters that it was hardly suitable and probably not safe enough; therefore it was closed. Since the closing of that swimming pool the deficiency has been noticed rather painfully in the park. I would suggest to the minister that if it can possibly be done in the very near future, a fine swimming pool should be built. It should be in a large, commodious, beautiful building which could be used on stormy days so that the people could come in out of the rain or out of the cold winds such as we sometimes get there in the summertime, and enjoy themselves just as well inside that building as they would if they were outside. Sometimes we have stormy weather on three, four and five days in a row, in the summertime. And in the park, for reasons that do not need to be gone into, it becomes a very disappointing situation to those who happened to choose those particular days for their holidays. Therefore, if we could have a building such as I have indicated, we would be additionally grateful to the minister.

Mr. Hodgson: Item 305 is a large item consisting of $3,500,000. A little over $1 million is allotted to roads in the park. Can the minister give us a breakdown of the money that will be spent on roads in each park?

Mr. Lesage: This involves some research and I do not think I have a breakdown of the figures now. The main item is in the Banff national park covering the reconstruction of the Jasper highway from Mile 0 to Mile 10, that is from Lake Louise. The estimated cost of that is $602,000. At Jasper there is another item of $148,000 for the completion of another portion of the Jasper highway. There is an expenditure of $350,000 for surfacing the Cabot trail between Mile 0 and Mile 18·5 in Cape Breton Highlands national park. In the Fundy national park there is an item of $30,000 and another for $10,000. In the Jasper national park there is an item for the replacement of a bridge at Mile 15 on the Banff-Jasper highway at a cost of $100,000. And there is another item for the Banff-Jasper highway at a cost of $53,000. I am just going through these items now.

Mr. Hodgson: It is quite all right. The reason I ask this question is that I have some very close friends who live near Jasper park and I have some other friends who also visited the park in Manitoba and both complained bitterly to me as a member of parliament at the state of the roads and said the worst road they had come over was in the Manitoba national park, and I believe roads through other parks in the west are in the same bad state of repair.

Mr. Harkness: I am very glad to hear that the Banff-Jasper-Lake Louise highway is now being improved. I was over it last summer and I am sorry to say that the American tourists with whom I spoke who were going up to the ice fields at Columbia all complained bitterly about the state of the highway. There is no doubt it is extremely bad as far as the national park is concerned and the state of the road undoubtedly means that we are not getting as many customers in that area as we might have and therefore I think it is quite essential that the road be improved. Apparently about 10 miles of that road from Lake Louise up is being rebuilt and a certain amount of resurfacing being done. But I wonder if the minister could tell us how soon it is expected the whole road will be surfaced.

Mr. Lesage: Mr. Chairman, as the hon. member will appreciate, it is a very costly operation. We are spending over $900,000 this year on the improvement of that road.

Mr. Macdonnell: What's that?

Mr. Lesage: The road from Banff to Jasper. Oh, you mean what is $900,000?

Mr. Macdonnell: Yes.

Mr. Lesage: The financial critic of the opposition should know better than I.

Mr. Macdonnell: I am just quoting from the authority across the gangway.

Mr. Lesage: We will complete that road as rapidly as possible and have it all in good condition. I agree the scenery along that road is really beautiful, perhaps the most beautiful in Canada, and it is a great attraction for tourists. I can assure the committee that the improvement of that road has very high priority.

Mr. Harkness: I am glad it has priority, but the minister has not yet indicated how soon the road will be completed. He has mentioned the fact that it is an expensive operation and that he expects to spend about $750,000 this year on that project. There are some expenditures which make money and some which do not bring in any return at all, but this happens to be an expenditure which, in my opinion, is going to bring in a

great many more tourists and therefore many more tourists' dollars. Certainly the condition of that road was so bad up until recently that it caused a great deal of damage to the tourist industry. This is therefore one project which is likely to pay for itself and it is likely to provide a return on the money already invested there. But if the road is allowed to remain as it is this investment will be lost. From that point of view I do not think the fact that this project is going to be so costly should deter the parks branch. Even if the road is not surfaced I would suggest that the number of maintainers could be increased. A great deal could be done just by improving the maintenance of the road. As the road was last year you would get a fair stretch which would enable you to travel at about 50 miles an hour. Some would go even faster than that at, say, 60 or 70 miles an hour, which I agree is much too fast. Nevertheless, no matter what speed you were doing, you would suddenly strike very bad chuck holes which would almost shake the car to pieces. Short of paving the entire road, what I think could be done is to increase the number of maintainers and graders. In other words, you could have much better maintenance at a relatively low cost and I hope that this will be done so as to eliminate the very rough conditions which existed last year.

Mr. Lesage: I can assure my hon. friend that the superintendent of parks, who is on the floor of the house at this time, has listened very carefully to the hon. member's remarks and instructions will be issued accordingly. We are spending a little more on maintenance this year, but this is a very difficult task, because the old road has a poor base. That is why we have to rebuild the road and that is why it is so costly. However, I have taken particular note of the hon. member's remarks and he can be assured that steps will be taken to avoid a recurrence of the conditions he has described.

Mr. Harkness: I might just add that I drove back from Jasper park and the road was in much better condition.

Mr. Lesage: Much depends on the weather.

Mr. Harkness: No, the maintenance men had been over the road fairly recently and I think that proves my point, that a few more maintenance men on that road would make a great deal of difference. There is one other point I would like to raise and that is in regard to the item which deals with buildings as well as roads and parks. The item amounts to approximately $800,000 and I would like to ask the minister what type of buildings are included in that item.

[Mr. Harkness.]

Mr. Lesage: For each park?

Mr. Harkness: No, but I would like to know the situation particularly with reference to the Banff, Jasper, Kootenay and Yoho parks, and I would especially like to know if this item provides for any more youth hostels such as I described an hour or so ago, and also if it provides for any of these ski huts or anything along that line.

Mr. Lesage: No. Neither one. Not this year.

Mr. Harkness: I am sorry that it does not provide for any of those buildings this year. I would hope perhaps that the estimate might be moved around a bit. I do not know just what construction has already been started, if any, but I would hope that some buildings along that line might be provided for. The minister was going to give me what buildings are provided for in those mountain parks.

Mr. Lesage: Yes. Here are a few. For instance, in Banff, construction of a combined caretaker's residence and heating plant at cave and basin bathhouse, $53,000; water and sewer installation, centralized service, $57,500; construction of a park warden's residence for the Banff district warden—the present building is old and rotting—$11,000. The replacement of kitchen shelters at Tunnel mountain camp grounds at a cost of $8,000; the completion of a staff quarters building at the east gate of the park, $12,000; construction of a patrol cabin on the Howse river in the vicinity of Howse river pass trail, $5,000. There is $25,000 for the continuation of reconstruction of the Norquay road this year, sanitation, cutting and hauling of mature and diseased timber and operation of sawmill and planer, $20,000. The others are small items.

In Jasper, construction of headquarters warden's residence, $19,852; construction of lookout cabin at Maligne lake, $2,500. In Kootenay national park, construction of a garage and a maintenance compound area, $107,000; construction of a semi-detached staff residence at Radium townsite at $23,000. There is a truss bridge in Yoho, at Mile 4 from Yoho valley road, $72,000. Extension of existing administration office in Field townsite; $15,000; and various other small construction items.

Mr. Harkness: My only comment on that would be that I do not doubt that all these buildings will be useful and so on, but I would think that some of the money that is appropriated for these various residences would really be much better spent and would give a greater return to the Canadian people as far as enjoyment is concerned—and that is what the parks are for—in the use of the

parks and would also attract far more visitors if some of it were put into buildings of the sort that I have mentioned such as youth hostels, ski cabins and things of that sort. I would hope that, in making up the estimates in future years, the minister would keep that matter in mind. I think I noticed an item of $53,000. Was that the amount the minister mentioned?

Mr. Lesage: The answer is yes, Mr. Chairman.

Mr. Harkness: $53,000, for a residence at the cave and basin. That seems to be a little bit excessive.

Mr. Lesage: There is a heating plant.

Mr. Harkness: That includes a heating plant as well as a residence.

Mr. Lesage: Yes.

Mr. Harkness: That is a heating plant for the residence?

Mr. Lesage: For the bathhouse; the heating plant is for the bathhouse.

Mr. Harkness: For the bathhouse? Is the water not hot already? It was when I was in it last. It pours out of the rock quite hot. I do not see that you need any heating plant. As I say, no doubt it will add to the amenities there and so on and particularly to the comfort of the caretaker. However, it is quite a large amount of money and I would think that some of it or perhaps the whole amount might much better be spent on this other type of construction that I have mentioned.

Mr. Noseworthy: Will the minister tell us why each year we are asked to appropriate twice as much for Banff, which is served by the C.P.R., as we are asked to appropriate for Jasper, which is served by the C.N.R.?

Mr. Harkness: It was the reverse in previous years.

Mr. Noseworthy: Not last year.

Mr. Lesage: I am told that it varies. Some years the expenditures at Jasper are higher and some years the expenditures at Banff are higher. It happens that this year it is higher at Banff. But in the Banff expenditures let us not forget that there is $600,000 for the Banff-Jasper highway. Last year there were a few hundred thousand dollars on the Jasper-Banff highway because the reconstruction was made at the Jasper end. Hence it was under Jasper. This year it is made on the Banff end so it is under Banff.

The Chairman: Shall the item carry?

Mr. Noseworthy: I am serious.

Mr. Lesage: I believe that is the best explanation I can give.

Mr. Noseworthy: What I notice here is that both last year and this year the amount for Banff is really more than twice that for Jasper; that is the situation in the last two years.

Mr. Lesage: I do not know what the hon. member is talking about. Is that construction or maintenance?

Mr. Noseworthy: It is on pages 379 and 380.

Mr. Lesage: On page 380 I see that in 1953-54 the proposed expenditures for Jasper park were, in round figures, $640,000 and for Banff they were $530,000, which is less.

Mr. Hodgson: They did the work at the opposite end of the road.

Mr. Harkness: Will the minister give the figures as to the number of visitors to Banff and to Jasper? I think those figures would provide a sufficient answer to the hon. member for York South.

Mr. Lesage: Yes; I can give those figures. The total number of visitors at Banff in 1952 was 582,434; at Jasper, 104,047.

Mr. Harkness: More than five to one.

Mr. Lesage: That is right.

The Chairman: Shall the item carry?

Mr. Hodgson: No. I should like to ask the minister about these cars. At page 379 I see an item "Acquisition of Cars and Trucks, $141,950". How many cars and trucks does that represent? If the minister has that information handy I should like to have it.

Mr. Lesage: I will have to pick them out of each park in order to give the total number. Is there any particular park in which the hon. member is interested?

Mr. Hodgson: No. I just wanted to know how many vehicles it represented.

Mr. Lesage: I can give the hon. member some examples. I will take the largest park, namely Banff park. That will give a good indication, without listing all the equipment. Under this heading in Banff national park there are six 5-ton dump trucks which are replacements.

Mr. Hodgson: They were replacements? They are new but they are replacements?

Mr. Lesage: Yes, they are replacements. The hon. member will realize that this new construction and maintenance of roads takes a great many of these trucks.

Mr. Hodgson: That is right.

Mr. Lesage: But these are all replacements; these six 5-ton dump trucks at Banff are replacements. So far as I can see, they are all replacements at Banff.

Mr. Hodgson: I was wondering how many were cars. I hope you are not buying all these engineers new cars to ride around in.

Mr. Lesage: From what I can see here they are all replacements. There would be one or two exceptions but mainly they are replacements.

Mr. MacLean: I see that there is an amount of $38,825 for new construction at Prince Edward Island park and that last year the amount was $67,695, almost twice as much. I should like to know whether the item voted last year was actually spent or whether this is partly a revote. I should also like a breakdown of the proposed new construction for the year ahead.

Mr. Lesage: I can tell the hon. member now what the new construction will be. For the continuation of the development of camp grounds at Stanhope and Cavendish there is an amount of $4,850; construction of laundry, shower and toilet building at Stanhope to service the camp ground—there are no facilities now—$9,500; construction of refreshment booth at Cavendish, $3,000; construction of kitchen shelters at Stanhope lane, Rustico and Cavendish, $4,000, or a total of $21,350.

Mr. MacLean: The total amount is $38,825. Is there any provision for improvement of roads in the park this year?

Mr. Lesage: No, there is no provision for roads this year. Last year the proposed expenditure was $67,695. Up to the 31st of December, which is the last figure I have, actual expenditures amounted to $43,376. The largest item, roughly $22,000, was for seal coating with asphalt and chips of the Dalvay-Stanhope road. The second largest was approximately $16,000 for the construction of a garage at Dalvay for car and equipment.

Mr. Knight: I should like to ask the minister about Prince Albert national park. We call it Waskesiu. Is any new construction proposed there this year either in the form of roads or administration buildings?

Mr. Lesage: Yes. The items are as follows: Construction of a semi-detached staff residence, $25,000; continuation of construction commenced in 1953 on trailer park in Waskesiu townsite, including the installation of power and water services, $15,000; completion of camp ground development, $5,000; continuation of program of reconstruction of fire trails, approximately twenty miles, $7,500; continuation of the program of replacement of street lights, $8,000; continuation of logging and lumbering operations, $12,000. Then there is a long list of items under $5,000. Does the hon. member wish me to give those?

Mr. Knight: No.

Mr. Byrne: I find it rather disconcerting that the minister has given priority to the Lake Louise-Jasper highway. I am sure he still has in mind the very important link in the Banff highway from the boundary at Kingsgate in southern British Columbia. There is a section from Radium to Banff that has had the prime coat and requires the finishing surface. I hope the minister will keep that in mind. He also said that he felt that on the highway from Jasper to Lake Louise there was some of the greatest scenery in Canada. I am sure he will change his mind if he visits Yoho and Kootenay parks this summer. The facilities in both these parks are excellent. While there may be room for improvement, nevertheless the tourist attractions are first class. It is not necessary to build an indoor swimming pool in either of these parks. From May until October they are open, and in Kootenay park one can swim the year round. Certainly you can play outdoors from the early spring to the late fall. I think the minister should give first priority to the hard surfacing of the road from Radium at least to Eisenhower junction.

Mr. Lesage: I understand that is the Banff-Windermere road. Some work was done on it last year and it is under active consideration for some expenditure next year.

Mr. Harkness: I note that there is an item of $452,000 for historic sites which is a considerable increase over the $286,000 of last year. This is for the acquisition of property and buildings so that I presume the department intends to secure certain historic sites which they have not owned heretofore or to erect a greatly increased number of markers or monuments, or both. Can the minister tell us something about what this vote is intended to cover?

Mr. Lesage: May I just read quickly the main items that make up this figure? They are: construction of museum building at Baddeck, Nova Scotia, the house of Alexander Graham Bell, $150,000; continuation of renovation and repairs to the Halifax citadel, $100,000; continuation of restoration, construction and preservation work for the fortress at Louisbourg, Nova Scotia, $5,000; repairs to the fortification walls at Quebec city, $25,000; restoration and repairs to Dufferin terrace, Quebec city, $56,000. We will

recoup two-thirds of that last amount. The city of Quebec and the C.P.R. are to pay one-third each. Repairs to buildings and walls at Lower Fort Garry, Manitoba, $29,000. We hope to acquire the Batoche rectory at Batoche and have provided $5,000 for acquisition of and repairs to the Batoche rectory.

Then there is construction at Battleford, as I said a few moments ago, to the extent of about $21,000. Then there is $20,000 for the erection of new memorials. This item is for a long list of places. Then there are various smaller items.

Mr. Harkness: It would seem that the bulk of this increase is in these two items in Nova Scotia, Alexander Graham Bell house and the Halifax citadel. What makes the Alexander Graham Bell house so expensive? I think the minister said $150,000?

Mr. Lesage: It is a new building, a complete museum to house the Alexander Graham Bell relics.

Mr. Harkness: I thought you meant you were buying his old home.

Mr. Lesage: No, that is to build a museum.

Item agreed to.

At six o'clock the committee took recess.

AFTER RECESS

The committee resumed at eight o'clock.

National parks branch—

306. Grant to the Jack Miner migratory bird foundation, $5,000.

Mr. Knight: Mr. Chairman, I am not complaining about this grant, but I should like to know if there are any conditions imposed in connection with it. I know that this family has done valuable work in connection with the conservation of the Canada wild goose, in particular. It has tagged these geese, with the result that certain scientific findings have been made in regard to bird habits.

Are there any conditions attached to the grant, or is it simply an amount given to the family to carry on the work they are now doing? Is there any accounting kept, or any definite research other than the work I have described?

Mr. Lesage: This is an annual grant to the foundation, and there are no strings attached. The grant is to the foundation, not to the family.

Mr. Knight: It is to carry on the work they are known to be doing?

Mr. Lesage: Yes, this conservation work.

Mr. Knight: There is no accounting made by way of definite findings to the department? Is there a report?

Mr. Lesage: I believe the foundation makes a report every year which, if my memory serves me correctly, is received by all members of parliament.

Mr. McBain: Mr. Chairman, I should like to ask a question regarding the Jack Miner bird sanctuary. I happen to know that the late Mr. Miner took a great interest in this sanctuary. I have no doubt that when it was established a number of years ago he spent untold sums of money out of his own pocket. We know that costs have been mounting, and that they will have affected costs in connection with this foundation the same as they have other lines of business in the last few years. I am wondering if the minister has given consideration to increasing the grant, because my understanding is that last year the foundation operated under a deficit of $5,000.

Mr. Lesage: From the fiscal year 1940-41 to the year 1945-46 the annual grant was $2,500. Then in the fiscal year 1946-47 it was doubled to $5,000 a year, and has remained at that figure since that time. We propose the same amount this year.

Mr. Hodgson: The foundation does send out a statement of its affairs each year—at least I have received one. It shows that they have been operating on a deficit which now amounts to about $5,000. I should think it would be well if the department would consider allowing them another $1,000 for a year or two until the deficit is wiped out.

Item agreed to.

National parks branch—

307. Grant in aid of the development of the international peace garden in Manitoba, $10,000.

Mr. Dinsdale: I should like to comment briefly on this item, mainly with a view to bringing hon. members up to date with the progress in connection with the development of the international peace garden on the North Dakota-Manitoba border. Even though the minister has only recently assumed responsibility for the department, I am sure he is well informed in this matter. During recent years the peace garden has come prominently to the attention of the Canadian public as a result of the disturbed conditions on the international front.

Three years ago the grant to the international peace garden was discontinued. We were delighted last year when it was restored, and we are happy again this year

to see it in the current estimates. Before the grant was discontinued for one year it was fixed at $15,000 per annum.

Originally the grant resulted from the interest shown by the former member for the old constituency of Brandon, the late J. E. Matthews, who always took a most vital interest in this significant project. While we are grateful for the annual grant of $10,000, there is hope that it will be restored to its former level of $15,000.

In saying this I would point out that just within the last few weeks the congress of the United States voted the sum of $100,000 for development on the United States side of the peace garden. It seems to me that $15,000, or even more, would be a reasonably proportionate sum to be devoted to the project on the Canadian side of the boundary.

During the discussion today the minister indicated that he intends to make a complete survey of departmental activities across the country during the forthcoming summer. I am pleased to note his intention. So far as I know, I do not think any of his predecessors in the department has had the privilege or opportunity of visiting the international peace garden. I take this opportunity to extend a very cordial invitation to him to inspect the garden when he is out in that part of Canada. And if there is no other means of transportation available I shall be happy to see that he is taken down the beautiful highway No. 10 to the border. I am sure he will be tremendously impressed by the development that has taken place in the garden since world war II.

I do not want to prolong these remarks, but while I am on my feet there are one or two points I should like to bring forward. I am sure that eventually Canada will have a chain of botanical gardens right across the country. I know there are groups working toward this end at the present time, and that they have been so engaged for some considerable period. The nucleus of such a garden is already being established at the international peace garden, and it is the hope of those who are most vitally interested that eventually the peace garden will be included within a group of government-sponsored botanical gardens.

The idea was first conceived by the international horticultural society, and was largely the brain-child of the late Henry J. Moore of Islington, Ontario. That was one of the thoughts he had in his mind back in 1929 when attention was first given to the establishment of a garden of this nature.

Then I should like to make only a passing reference to a matter that might more properly be discussed under item 310. It is hoped, too, that some consideration will be given to the establishment of a museum at the site of the international peace garden. The number of people visiting there annually is increasing. That fact has been recognized by the construction of a new customs port during the present year right at the entrance to the garden. I believe that eventually Canada will have a system of decentralized museums which will bring together all the cultural artifacts gathered from each of the districts, and that we may preserve in that fashion the cultural history of the area in which the museum is located. Quite recently some very significant discoveries in regard to Indian lore have been made in the vicinity of my constituency, and I presume that all the artifacts that have been uncovered in these discoveries have been moved to the national museum. It seems to be much more highly appropriate that these artifacts should be retained in the province in which they belong and form a part of the story of that particular area.

In concluding my observations, I once again extend the most earnest invitation to the minister to visit the peace garden to see for himself the numbers of people who visit there, and get a more personal appreciation of the significance of this important park. I hope he will accept the invitation.

Mr. McIvor: Since I lived in Souris for a number of years I know the importance of this peace garden. I will back up the hon. member completely in supporting $15,000 to be spent because it would be money well spent.

My other reason for rising is this: When the minister is making the trip I would invite him to stop off at Fort William, where he would see some scenery worth looking at, in order that we might have mount McKay as a national park. We have been trying for this for a number of years, and if the minister gets a look at it I know what will happen.

Mr. Lesage: I wish to thank hon. members for all the very kind invitations they have extended to me. I would be delighted to accept all of them, but if I do I hope that the criticism of the opposition on the amount of my travelling expenses since coming here will not be too harsh.

Mr. Hodgson: That gives me an idea. Perhaps we should check up on these travelling expenses. The expenses in this item are not the minister's personal expenses.

Mr. Churchill: I should like to support what the hon. member for Brandon-Souris has said with regard to the international peace garden. I know it is a very worthy project and deserves all the assistance that

can be given so that Canada's share of that international peace garden may match the project that has been undertaken on the other side of the border.

However, I do not propose to speak at length except to draw to the minister's attention the fact that an admirable map in the back of the report of the department of resources and development, for which of course he is not responsible, does not indicate the international peace garden. I would suggest that he draw to the attention of those officials who are responsible for producing a map of this sort the fact that the international peace garden should be properly marked in the future.

Item agreed to.

Canadian wildlife service—
309. Wildlife resources conservation and development, including administration of the Migratory Birds Convention Act, $437,271.

Mr. Fraser (Peterborough): Will the minister tell us what the buffalo population is at the present time, or does he know that?

Mr. Lesage: About 12,000.

Mr. Fraser (Peterborough): Are there any musk-ox in Canada now? And where are they?

Mr. Lesage: There are musk-ox in the north.

Mr. Fraser (Peterborough): I know there are, but has the minister any under his control?

Mr. Lesage: I would not like to be asked to control a musk-ox.

Mr. Fraser (Peterborough): Are they under the minister's department?

Mr. Lesage: That comes under the northern administration and lands branch, Northwest Territories; that is where the musk-ox are.

Mr. Fraser (Peterborough): I wondered whether they came under the minister's department.

Mr. Lesage: Yes, under the northern division, not under the parks division.

Mr. Fraser (Peterborough): We have to wait until we come to that.

Mr. Lesage: I would rather wait until the director of the northern division is with me to answer detailed questions on the musk-ox.

Mr. Fraser (Peterborough): What about elk? How many elk are there in the parks, and has the disease that they had a few years ago been cleared up?

Mr. Lesage: I am not in a position to give the population figure at the moment, but they are very healthy. There was a disease amongst them a few years ago, of which I am not personally aware, but it is not of much concern today.

Mr. Herridge: Will the minister tell us what species of fish are being propagated to be placed in the lakes of the national parks?

Mr. Lesage: It is trout, salmon trout, speckled trout, rainbow trout and all the very nice species of trout which it is pleasant to catch with a fly.

Mr. McIvor: And good to eat.

Mr. Lesage: And good to eat, as the hon. member says.

Mr. Herridge: I understood that eastern brook trout were being raised.

Mr. Lesage: Yes, that is one of the species.

Mr. Herridge: It does not compare with the Kamloops trout. We do not want them in our lakes.

Mr. Stick: Has any survey of wildlife in Newfoundland and Labrador been carried on lately, or is there any contemplated? I understand a survey was supposed to be taken in the last year or so.

Mr. Lesage: Yes, there is one investigation of Brunnich's murre populations. The investigation is being made for the purpose of securing data on the status of these birds which are used extensively by the coastal residents of Newfoundland for food purposes. There is also a study going on of the eider duck farming possibilities, of natives collecting their down in the Arctic and sub-Arctic regions.

Mr. Nesbitt: There is one item I want the minister to satisfy me on and that is the matter of northern allowances. Can the minister explain exactly what it entails?

Mr. Lesage: The cost of living in the Northwest Territories, the Yukon and the Arctic of course is much higher than in the rest of Canada, and that amount is to help the civil service employees to cope with the very much higher cost of living in those regions.

Mr. Nesbitt: I have one further question on the matter of rental of equipment. I see the amount has more than doubled over last year. Can the minister make any comment on that?

Mr. Lesage: Yes, the increase is due to the extended use which will be made of boats, equipment, horses, dogs, and especially

aircraft on field projects. The cost of hiring aircraft in 1953-54 was $10,000 and the estimate for this year is $28,340.

Item agreed to.

310. National museum of Canada, $305,681.

Mr. Dinsdale: I presume, Mr. Chairman, that "national museum of Canada" refers to one central museum. During the discussion today there has been reference to other museums located across the country. Are they considered to be part of the national museum, or are they quite distinct?

Mr. Lesage: No, the others come under the heading of historic sites. This item refers to the national museum of Canada located here in Ottawa. The others are historic sites in which are located articles of historical value. For example, the Alexander Graham Bell museum which is to be built will contain items pertaining to the development of the telephone invented by Bell. Most of these, though, come under the historic sites division.

Mr. Dinsdale: Can the minister indicate whether articles of historic interest located across the country are brought to the national museum or whether they are retained in the locality in which they are found.

Mr. Lesage: Some of these articles are housed in provincial museums. It all depends on who finds them. The individual who finds such objects might offer them to the national museum, to a private museum, or to a provincial museum, or even keep them for himself.

Mr. Dinsdale: The minister is no doubt aware that it used to be the general practice a few years ago for groups from the United States, for example, to carry out research on Canadian historical sites and remove these objects of historical interest. Is that still possible?

Mr. Lesage: No, where there is federal jurisdiction we do not allow the export of such articles.

Mr. McIvor: We have a museum in Fort William and it might be well worth the minister's while to have a look at it.

Item agreed to.

Engineering and water resources branch—
311. Branch administration, $63,156.

Mr. Bryson: Mr. Chairman, I would like to know if this is the item under which we might discuss mineral development roads?

[Mr. Lesage.]

Mr. Lesage: Mineral development comes under the Department of Mines and Technical Surveys, except for mineral development in the north which will come under northern administration votes. This vote has only to do with water resources.

Mr. Bryson: Pardon me, Mr. Chairman, but I said mineral development roads. Would they come under this item?

Mr. Lesage: Yes, I suppose they would come under the engineering and water resources branch.

Mr. Bryson: In that case, Mr. Chairman, and in view of the many letters which have been exchanged between the minister and the Saskatchewan department of highways, would the minister care to make a statement regarding the continuation of the negotiations which have been going on during the past year in connection with the Flin Flon-Denare Beach road?

Mr. Lesage: Mr. Douglas, the Saskatchewan minister of highways, visited me on or about, I believe, April 26 and we discussed the matter again but there is nothing more I can say at this moment.

Mr. MacLean: Mr. Chairman, this item dealing with engineering and water resources is important since it covers a subject of very wide application which is of great importance to this country. We must safeguard our resources such as this, for their neglect would have a detrimental effect on soil and forest conservation. It has been pointed out by experts in this field that water conservation is not an engineering question. It is not a question of building dams after the floods have occurred. It is rather a question of developing soil conditions so that the moisture soaks in where it falls, which in turn prevents the flooding of rivers and water courses downstream causing all sorts of havoc. I say that merely to illustrate that water, soil, and forest conservation are interrelated, and I would suggest to the minister that since his department is called the Department of Northern Affairs and National Resources he should perhaps take the lead in co-ordinating conservation efforts generally. Conservation is not a matter which concerns his department only. In a broad sense it is a matter in which the Department of Agriculture and the Department of Mines and Technical Surveys are also vitally interested. I would be very pleased to see some sort of co-ordinating committee set up which would deal with this matter not only as it concerns departments of the federal government, but also provincial governmental departments. A committee of the privy council already deals with matters

of research and I would like to see a similar committee set up to deal with the safeguarding and maintaining of our natural resources with special regard to soil and water conservation. The membership of that committee could include ministers in the cabinet whose departments deal with such matters.

Recently there was a conference here in Ottawa dealing with conservation and the use of land and water resources and a national authority to administer such a program was advocated. I would like to have the minister's views on this matter and I would also like him to indicate what steps we might anticipate in future with regard to closer co-ordination between the various branches of government at all three levels, federal, provincial and municipal, which in future will deal with this intricate and complex subject.

Mr. Lesage: I believe that this government has taken the lead in conservation. Two instances come to my mind. A few years ago this house adopted the Canada Forestry Act by which this government certainly gave leadership in the field of forest conservation. At the last session this house passed the Canada Water Conservation Assistance Act—and that was also an instance of leadership—under which we agree that we will contribute 37½ per cent of the cost of major conservation projects when the province itself contributes 37½ per cent, the local interests contributing the balance of 25 per cent. Since the hon. member has been speaking about co-ordination with the provincial authorities, may I assure him that since the passage of this act negotiations have taken place with the authorities of various provinces who have come forward with projects which are now under study and negotiation. There is fairly close co-operation with the provinces which are interested in water conservation, as evidenced by the amount of money that we have expended under the Canada Forestry Act. A wide interest has been shown by the provinces in the field of forest conservation, together with the federal government.

Mr. Hodgson: On this administration item, and having reference to the hook-up with the provinces, may I ask whether it is the province that administers this project or whether it is the dominion government?

Mr. Lesage: What kind of projects has the hon. member in mind? Does he mean water conservation projects?

Mr. Hodgson: Lake of the Woods control board.

Mr. Lesage: Would the hon. member mind if I answered that question when we reach the vote relating to Lake of the Woods control board? It is vote 312.

Mr. Hodgson: The minister may say that it is vote 312, but under vote 311 we find this: "including federal share of expenses of the Lake of the Woods control board".

Mr. Lesage: Yes; but there is a special vote. That is the heading. The vote is No. 312.

Mr. Hodgson: Very well.

Mr. Green: Item 311 covers branch administration of the water resources division. Can the minister tell us the present position with regard to the plans for using the headwaters of the Yukon river for the development of a great power project? I believe it will be one of the greatest developments of this kind in Canada and perhaps the largest in the country. I understand that there is to be 4½ million horsepower.

Mr. Lesage: 4½ million to 5 million horsepower.

Mr. Green: I stand corrected; 4½ million to 5 million horsepower. The situation seems to be rather complicated at the moment. As I understand it, the Frobisher people, through their subsidiary Quebec Metallurgical Industries Limited, plan to put their power plant on the Taku river and then to bring in ores for smelting from all over the world. However, there is another firm, the Aluminum Company of America, which proposes to use the same water for the establishment of a power plant at Skagway in Alaska; and apparently they plan to make aluminum. It looks as though the dominion government is taking one side and the provincial government of British Columbia the other. The waters are half in British Columbia and half in the Yukon. Hence if the governments will not co-operate, there will not be any scheme. Can the minister tell us what steps have been taken by those two groups and what the situation is at the present time?

Mr. Lesage: As far as this government is concerned, the only steps that have been taken are those taken by Quebec Metallurgical Industries Limited to obtain from the Department of Northern Affairs and National Resources—the then department of resources and development—a permit to survey. It is not an exclusive permit and it is not a priority permit. No request for a priority permit has yet been made. We have received no request from Alcoa, the Aluminum Company of America, or from the Aluminum Company of Canada for a permit to survey. As far as this department is concerned there

is only one permit which has been issued to survey the headwaters of the Yukon river, and it has been issued to Quebec Metallurgical Industries Limited. No request has been received from others. I am speaking of the period since 1951 or 1952. I am speaking of latest developments. I believe that is what the hon. member has in mind.

As to the alleged difference of opinion between this government and the government of British Columbia, may I say that we are not aware of it. The hon. member might have read newspaper reports about some speeches or some declarations made in British Columbia, but no representations have been made to us by the government of British Columbia. The only thing I could do, I believe, about the question of the export of water power or power—and I believe it is the most appropriate thing for me to do—is to refer the committee to a statement made by the Prime Minister on December 8, 1953. I do not at this moment have the reference to the page, but I know that the members of the committee will recall the statement that was made by the Prime Minister at the time he was introducing the bill to set up the new Department of Northern Affairs and National Resources. There is nothing I could add to that statement at this time.

Mr. Green: Is it perfectly clear that the policy of the dominion government is to refuse to give permission for the construction of this Alcoa plant which will mean a power plant in the United States and aluminum made in Alaska which will be in competition in the United States market with aluminum made at Kitimat in British Columbia, a situation which might well prejudice the whole Kitimat scheme. Mind you, aluminum from Alaska would enter the United States duty free whereas aluminum from Kitimat would be subject to duty levied by the United States. This is a very serious situation from the point of view of the west coast. We would like to be sure that the dominion is not going to take steps that will mean a power plant and smelter in Skagway, Alaska, rather than on the Taku river in British Columbia or in some other Canadian centre. Unfortunately half the water is controlled by the province and the other half by the dominion. Some way or other an agreement will have to be reached. Otherwise I believe there is a chance of the companies going to Ungava, certainly going away from the west coast. Will the minister give us a definite statement tonight on dominion government policy?

[Mr. Lesage.]

Mr. Lesage: I can do nothing better than to read what the Prime Minister had to say about this matter. This is the policy of the government and there is nothing to add. He said:

> The hydroelectric possibilities of the region are immense. By the construction of dams at appropriate places, some of them reversing the flow of certain rivers and lakes draining into the Yukon river, and by taking advantage of the large drop of the level of that country to the Pacific, power can be developed in enormous quantities. It was suggested to me that there was more than 4½ million horsepower that could be developed in that way. Hon. members will remember that some time ago there was a suggestion that these waters, or much of them, could be diverted for development into Alaska. Well, they are Canadian waters and while we do not want to adopt any dog in the manger attitude about our resources which cannot be used in our own country, I think that those which can be used in our country must be reserved for the generations that will follow us and who will develop this country. I was happy that the minister's declaration in that regard was applauded in the house on December 17, 1952—

That was a declaration by my predecessor.

> —and I am glad to see that my reference to it today meets with the unanimous approval of the representatives of all the Canadian people. We do not want to be isolationists but we do feel we have a trust to future generations for the resources with which Providence has endowed this vast land over which now our people exercise sovereignty.

I believe that is a complete statement of government policy, and there is nothing I could add.

Mr. Green: Will the minister take steps to have this policy communicated formally to the government of British Columbia?

Mr. Lesage: I had a long interview with the premier of British Columbia last December. He was accompanied by the minister of finance of his government and I was accompanied by my deputy minister. We had a long interview during which I made it clear that that was the policy of the government.

Mr. Green: I thought the minister said a few moments ago that he did not know anything about British Columbia's stand.

Mr. Lesage: No, that is not what I said. I said that I did not know anything officially about any differences of opinion. In December, when we discussed the matter with the premier of British Columbia, there was no apparent disagreement.

Mr. Green: Can the minister take steps to have some further discussion with the British Columbia authorities on this question?

Mr. Lesage: I have just written to the premier of British Columbia last week telling him that I intend to call on him when I am in Victoria, and of course that will be one of the questions on the agenda.

Mr. MacInnis: With respect to the matter raised by the hon. member for Vancouver-Quadra, perhaps there is another approach to it, if I may be permitted to ask a question. I do not know whether it is proper at this time to refer to priority of control, but which government, the federal government or the government of British Columbia, has priority of control as far as the waters of this river are concerned? If the federal government has priority of control I think that possibly the statement of the Prime Minister read by the minister should be satisfactory to the committee. On the other hand, if the province of British Columbia has priority in the matter the situation might be different. I would be glad to hear from the minister on that point.

Mr. Lesage: Of course this parliament through the government has control over export. There is no doubt about that. We have over-all control over the export of water power. As far as the development of resources in Canada is concerned, and with specific reference to the headwaters of the Yukon river, the government of British Columbia has jurisdiction over that part of the headwaters which lies within British Columbia and we have jurisdiction over that part of the headwaters which lies within the Yukon.

Mr. Bryson: Would the minister say whether negotiations are continuing between his department and the Saskatchewan government with respect to a division of costs in connection with the Flin Flon-Denare Beach road?

Mr. Lesage: As I said a few minutes ago, I had a visit with the minister of highways, I believe, of Saskatchewan, Mr. Douglas. We discussed the matter, and I am expecting some more information that I have requested.

Mr. Hardie: As the minister knows, the development of the Northwest Territories and the Yukon is dependent on cheaper transportation, cheaper power and cheaper everything. As a matter of fact, we are living in a high cost area and I think it is hindering the development of the country. With respect to the Northwest Territories power commission, I should like to ask the minister whether his department has at any time considered extending the amortization period of the Snare river power plant, the Fort Smith power plant and the Mayo power plant in the Yukon in order to provide cheaper power for the people who are pioneering the development of the country. If I may give an example, in the city of Ottawa I get the same power for the sum of $5 for two months that in Yellowknife in the Northwest Territories costs me $40 to $50. I would appreciate it if the minister would take the matter up with his department with the idea of extending the amortization period of the Northwest Territories power commission plants and helping the people who are pioneering the country.

Mr. Lesage: This of course is one of the factors we have to study when we go into ways and means, as we are now doing, of bringing down the cost of living in the north country. We have started this study and we will carry it on as rapidly as we can. The hon. member is aware of my interest and the interest of my officials in the north country. I believe our north country has a tremendous future but we have to plan carefully. On the other hand, we have to act and we are preparing a basis for action. In preparing that basis we are studying all the various factors that affect the cost of living in the north in order, we hope, to bring down the cost of living so that life will be more normal and it will be easier to develop that northern country which is so promising.

Mr. Hardie: I thank the minister for his remarks. He did say that we have to plan carefully. I hope he is not persuaded by the economists today, but remembers that the Northwest Territories will be there for 100 years, as will that power plant. It will be producing power for the mines in the north. I feel that if we do extend this we should extend it for forty years.

Mr. Simmons: What is the present period of amortization on the Mayo river plant?

Mr. Lesage: It is 20 years.

Item agreed to.

Water resources division—

312. Administration, operation and maintenance, including grant of $350 to the international executive council, world power conference, $669,597.

Mr. Hodgson: I asked the minister a question on item 311, and he said he would answer it under item 312. It referred to the set-up of the Lake of the Woods control board.

Mr. Lesage: Here is the note I have under an item in vote 312. Following an interchange of correspondence in 1952 between my predecessor and the minister of lands and forests in Ontario and the minister of mines and natural resources in Manitoba, it was agreed that representatives of the three governments concerned should make an examination of the damages in the field and make a report. Manitoba's interest, it was clearly understood, was only in the case of properties bordering on the Lake of the

Woods. That province has no statutory responsibility in respect of the regulation of Rainy lake.

The total expenditures on the investigation of damage claims, lake of the Woods, are as follows: for Manitoba, $1,547; for Ontario, $4,370; for the Canadian government, $2,230, making a total of $8,147. Apportionment of the payment according to the agreement of November 15, 1952, is as follows: the Canadian government, one-third; Ontario, approximately one-ninth; and Manitoba approximately five-ninths.

Mr. Macdonnell: Would the minister add a word of explanation to the remark he made a moment ago, which interested me. He said the department was carrying out studies with a view to bringing down the cost of living in the north. Could he give just one or two indications as to nature of those studies?

Mr. Lesage: One of the main factors in the high cost of living in the north is the cost of transportation, and of course the cost of hydroelectric power which is higher than elsewhere. The cost of transportation affects the price of every commodity.

Mr. Macdonnell: I thought it might be that.

Mr. Hodgson: Does the dominion or the province control the water in the lake of the Woods?

Mr. Lesage: It is a tripartite agreement between Canada and the provinces of Ontario and Manitoba. There is a statute covering the subject, and a board has been created under the statute.

Mr. Hodgson: Who controls the administration? Who lifts the stoplog out of the dam, and who puts it in?

Mr. Lesage: The board.

Mr. Hodgson: The dominion government?

Mr. Lesage: No, the board.

Mr. Hodgson: The board that is set up by the three governments?

Mr. Lesage: Yes, that is right.

Mr. Fraser (Peterborough): I just want to say to the minister: If he can bring down the cost of living in the north, what are the chances of bringing it down in the rest of the country?

Mr. Lesage: I shall sit on a special committee with the hon. member, whenever he wishes, and we will discuss that.

Mr. Churchill: I should like to ask the minister for a word of explanation concerning the international executive of the world power conference. What is the world power conference? What is its purpose, and by whom are we represented?

Mr. Lesage: This amount is provided annually, and has been for many years, to take care of Canada's share of maintaining a small permanent headquarters in London, England. It also provides for Canada's share of printing the conference report. The contribution is £100. This executive council studies the world power situation, and makes a report which is useful to our division. We participate in this conference, at which there is a complete exchange of information about the power situation in the various countries throughout the world.

Mr. Churchill: Have we a representative on the executive council?

Mr. Lesage: There is a national committee in Canada of this world power conference. It is made up of representatives of this department and representatives of industry. This national committee sends a representative to the world power conference when it meets.

Item agreed to.

Water resources division—

314. To provide for studies and surveys of the Columbia river watershed in Canada, $377,400.

Mr. Herridge: This item is of great interest to my constituents and, I know, to the people of British Columbia generally. I see the vote is $4,100 greater than last year. As I understand it, Mr. Chairman, this will be the tenth year that these investigations have been undertaken. I should like the minister to inform the house as to the total cost of the investigations to date, including this estimate. What is being undertaken by the investigation this year, and how long is it expected it will take to complete the investigation of the Columbia watershed area? If the minister can give some information, I would appreciate it.

Mr. Lesage: The expenditure since 1944-45 has been $2·4 million, excluding the proposed estimate for this year. Now, it is believed that it will take two years to conclude the investigations. After this year's program we expect that the investigation as a whole with respect to field activities will be 85 per cent complete, and the office studies necessary for the compilation of the report will take another two years.

Mr. Herridge: That means four years in all?

Mr. Lesage: The expectation is five years in all.

Mr. Herridge: Another five years before the report is completed?

Mr. Lesage: Five years, counting the present one.

Mr. Herridge: Before the report is completed?

Mr. Lesage: I should say four, after the present year.

Mr. Herridge: Thank you. What steps are taken after the report is completed by those conducting the investigation? What is the next step in the development of this area?

Mr. Lesage: I believe we will look at the report first before taking the next step.

Mr. Herridge: Who considers the report and then makes a recommendation?

Mr. Lesage: The report of the engineers will be made to the international joint commission, which will report to both governments.

Mr. Green: In recent months there has been a great deal of publicity in British Columbia concerning the possibility of a power development at Mica creek on the big bend of the Columbia river. Discussion was commenced, I believe, because of statements made by General McNaughton, who is chairman of the Canadian section of the international joint commission. Can the minister tell us just what there is in all this publicity? Some of the dispatches would lead one to believe that a huge dam would be built there within a matter of the next year or two, and that there would be power for the whole of the interior of British Columbia, as well as some arrangement whereby power would go to the state of Washington.

It does seem to me either that those dispatches are very much exaggerated or that the minister is wrong in stating tonight that it will be several years before a report comes in, and then several more years before anything is done about it. We can almost see that dam going up right now in British Columbia; and it is a very important project. It may mean the settling of hundreds of thousands of people in the interior of the province. I would like to have a more definite statement from the minister as to just what is in contemplation. The department must know a great deal more than he has told us.

Mr. Herridge: Before the minister replies may I supplement the remarks of the hon. member for Vancouver-Quadra, because I was going to ask a question along the same lines as that asked by the hon. member. I must say that I am confused by the minister's answer when compared with the published statements of various members of the government of British Columbia.

As the hon. member for Vancouver-Quadra has said, one of the ministers in that government announced publicly that the Mica dam is to be commenced within eighteen months. The minister of lands and forests last week, in addressing the city council of Trail, announced that he had given the green light to the Kaiser Corporation of the United States to commence building a dam at Castlegar.

Mr. Lesage: Who said that?

Mr. Herridge: The minister of lands and forests in the government of British Columbia. And at the present time a surveyor and engineer of the Kaiser Corporation are now in the area of the Arrow lakes making surveys. According to the Trail *Times* I received this morning, these surveys are being made in connection with the dam for which, according to the minister of lands and forests in the government of British Columbia, the company has received the green light. As the hon. member for Vancouver-Quadra has said, we find this very confusing.

Mr. Lesage: Of course it is not up to me to explain the declarations and statements of ministers of the present British Columbia government. That would be asking a bit too much of me. The only thing I know is that field investigations are taking place on the Columbia river. It is an international river. A reference has been made by the government of Canada and the government of the United States to the international joint commission. That body has appointed a board of engineers, and some of the engineers of the Department of Northern Affairs and National Resources are on that board of engineers. They are working to prepare a report, and the field investigations will not be terminated before two years have expired. It will then take two years to complete the office work, and the preparation of the final report.

It might very well be that someone might say that Mica dam would have a capacity of so many horsepower. That could be said by someone who might know. But Mica dam is only one of the possible dam sites. What the international joint commission expects is a comprehensive report of all the power possibilities of the Columbia river.

Now, as to the concurrent work that might be done on a permit from the British Columbia government—what the hon. member has said is quite possible. I am not informed in the matter. The only thing about which I am informed is the progress and the work of the board of engineers who are

making the investigation for the international joint commission, and for which we are supplying the funds.

Mr. Green: Then we can take it from the minister that, so far as the dominion government is concerned, it does not expect there will be any actual power development on the Columbia river until these investigations have been completed, and the international joint commission has had the opportunity to decide what it will permit. Is that correct?

Mr. Lesage: Not exactly. There might be some interim report from the international joint commission which at a certain time might say, "Here is a dam site where we know power could be developed at the present time without any danger of upsetting the general plan. We know that this would be an individually operated site." That may be one of the conclusions in connection with which General McNaughton might have mentioned the Mica dam; I do not know about that. There might be some individual development of dam sites. However, up to now there is nothing definite, and the general picture is the one I mentioned a few moments ago.

Mr. Green: These investigations are being made, as I understand it, by engineers in the minister's own department. Apparently they have not reported anything to him about the Mica dam site, have they?

Mr. Lesage: They have reported some of the possibilities to me.

Mr. Green: Have they reported to the minister any actual plan for the development of power at that or any other site on the Columbia river in Canada?

Mr. Lesage: I am informed now by one of the engineers that a plan is being obtained from an engineering company for the possible development of that dam site.

Mr. Green: Under whose auspices is that plan being obtained? Is it the dominion, the provincial government or a private corporation that is paying for it?

Mr. Lesage: It is paid out of funds that the government provides for the international joint commission investigation.

Mr. Green: The dominion government is getting a report from some outside engineering company. Is that right?

Mr. Lesage: No. The international joint commission is. It is the engineering board that is getting it for the international joint commission.

Mr. Green: What is that?

[Mr. Lesage.]

Mr. Lesage: The engineering board which has been set up by the international joint commission to make the investigations which have been going on since 1944.

Mr. Green: Does that mean that in all probability this development at Mica creek will be undertaken fairly soon?

Mr. Lesage: I cannot say. There is no reason to assume that at the moment. I do not know. The international joint commission will have to look at the plans. The engineering board will have to look at the plans which will be supplied before making any recommendation to the international joint commission, and then the international joint commission will have to make a recommendation to us.

Mr. Green: Has the international joint commission any jurisdiction over the Columbia river at Mica creek? The river does not flow into the United States for several hundred miles from that point, and I wonder what right the United States would have to a voice in the construction of a dam in Canadian territory at Mica creek.

Mr. Lesage: I shall make it quite clear, I hope. The two governments have asked the international joint commission to make a study of the possible power development on the whole Columbia river.

Mr. Herridge: The United States government and the government of Canada.

Mr. Lesage: Yes, the United States and Canadian governments. The international joint commission has asked the board of engineers to make a field investigation, to prepare a report and to submit it to the international joint commission; but of course that does not take away from the provincial government of British Columbia its jurisdiction over natural resources, and of course water power is a natural resource of British Columbia.

Now, if the government of British Columbia wishes to develop some power on that part of the Columbia river, which would not affect the rights of the United States on their part of the river, there is no reason why that could not go on.

Mr. Green: Just in the same way that the United States constructed great dams on the Columbia river below the United States border, I presume?

Mr. Lesage: Exactly. The study that is being made does not change the jurisdiction at all.

Mr. Green: Is it a fact that the power potential of the Columbia river system is about three times the potential of the whole St. Lawrence system?

Mr. Lesage: Well, it all depends on what you call the Columbia river system and what you call the St. Lawrence river system. If you include tributaries in both instances, well, I do not know which would be the greater. What has the hon. member in mind, the Columbia river alone? And if the Columbia river alone, is it on the Canadian side only, or both on the Canadian and United States sides? As far as the St. Lawrence river is concerned, does it include the international rapids or all of the power which can be developed on the United States side of the St. Lawrence? It is difficult to answer the question because it is not specific.

Mr. Green: I shall put it this way. In the committee on external affairs last year General McNaughton told us that the Columbia river system had over three times the power potential of the St. Lawrence.

Mr. Herridge: I have one question. I have listened very carefully to the hon. member for Vancouver-Quadra and the minister's answers, which were as clear as possible. Is it right to assume that no dam or public work of that nature could be built on the Columbia river or any part of its system that affects the levels of waters at the international boundary without a recommendation from the international joint commission?

Mr. Lesage: It is difficult to answer a question when it is not qualified. Works could be constructed downstream or upstream, and they might affect the level of the water by increasing or decreasing it. What has the hon. member in mind?

Mr. Herridge: What I have in mind is this. I presume from the minister's answers to the hon. member for Vancouver-Quadra that it is safe to say no dam or work of any nature could be constructed upstream in Canada above the 49th parallel, on the Columbia river or on any of its tributaries, if that dam or other work affected the level of waters at the international boundary, without a recommendation from the international joint commission.

Mr. Lesage: It might increase the level, of course, if the dam were built. For instance, take the building of a dam just north of the boundary where the Columbia comes back into Canada. The building of a dam there would have the effect of raising the waters on the United States side. The international joint commission would have jurisdiction then over that. Where it would not have jurisdiction would be if the water were held back by a dam so that the level of the water downstream would be lower. Then the international joint commission could not, as I understand it, prevent the building of the dam, but an action for damages might lie for those who were affected by the works.

Mr. Herridge: I would like to follow this up for a moment, because it is an interesting question to the hon. member for Vancouver Quadra, myself and a good many other members from British Columbia. I understand the minister to say that it would not require a recommendation from the international joint commission to build a dam or other works on the Columbia river, or on any of its tributaries, if the water level at the international boundary was lowered for a certain time of the year. That is quite contrary to my understanding of the boundary waters act. I understood there had to be a recommendation of the international joint commission for any disturbance of the level of the water at the international boundary.

Mr. Lesage: The director of the water resources division died two weeks ago.

Would it be possible to allow this item to stand so that I can study the question? I would not like to mislead the committee. This is a very difficult question of jurisdiction and I am sure hon. members will appreciate the circumstances under which I have to work.

Mr. Hodgson: Before leaving this item I think it would be well that members of the committee and the minister be reminded of the Chicago water steal when they dropped the levels of lakes Huron, Michigan and Georgian bay by 20 feet a number of years ago.

The Deputy Chairman: Is it agreed that item 314 be allowed to stand?

Some hon. Members: Agreed.

Water resources division—

315. Fraser river—50 per cent of the cost of investigations to be carried out by the "dominion-provincial board Fraser river basin" (formerly under Department of Public Works), $165,000.

Mr. Green: Mr. Chairman, the work under this item has been under way for some years. Can the minister tell the committee what progress has been made? As I understand it, it is an investigation of the whole Fraser river basin.

Mr. Lesage: Mr. Chairman, this investigation has been going on since 1948-49 and at our request we have been having an investigation made to determine how long the investigation is going to last.

Mr. Macdonnell: You are having to investigate the investigators.

Mr. Lesage: We are trying to obtain a definite idea of how long this is going to take.

Mr. Green: That is quite funny, but really the minister's department should be able to give us a better report than that on the progress made with this investigation.

Mr. Lesage: I can, of course, give an idea of the progress that has been made but I thought I would mention that the investigation is being investigated. These investigations by the board were authorized in January 1949 to determine improvements for water resources of the Fraser valley in the interests of fish, wildlife, water power, flood control, irrigation, reclamation of wet land and other beneficial purposes.

The dominion-provincial Fraser river basin board, made up of the officials of the provincial government of British Columbia and the government of Canada, undertakes the work. Fifty per cent of the cost is provided by public works and the balance by the province. The expenditures during the fiscal year 1949-50, in round figures, were $36,663; 1950-51 $76,768; 1951-52 $80,447; 1952-53 $103,695, and the forecast for 1953-54 is $114,000. The work proposed for 1954-55 by the Department of Public Works of Canada covers aerial photography, bathymetry, and sedimentation, $76,000; this department $13,250; Department of Fisheries, Canada, hydrometric stations $5,000; Department of Agriculture Canada (P.F.R.A.) damsite investigation $60,000; department of lands and forests, that is the British Columbia department, $74,000. The board will study river pollution, domestic water supply, the provision of dikes, land-use basic mapping, and there will be $30,000 for administration. That program has been studied by the board and we are bearing 50 per cent of the cost.

Mr. Macdonnell: Mr. Chairman, the idea of the investigators being investigated has amused me just as it has the minister and I would like to pass on to him for his edification an old rhyme which goes like this:

> Larger fleas have smaller fleas
> Upon their backs to bite 'em;
> And these again have other fleas,
> And so *ad infinitum*.

Mr. Lesage: In this case there is no fee for investigating the investigation because we ourselves are investigating the investigation.

Mr. Leboe: Mr. Chairman, I am wondering whether the minister is prepared to let us know what if anything is being done on what is commonly known as the north fork of the Fraser or McGregor river in regard to flood control, and also if any thought has been given to co-operation with the provincial government in support of hydroelectric power at the same time as this control set up is considered.

Mr. Lesage: I am informed that any work being carried out on the McGregor river is part of the investigation being made by the board to which I referred a few moments ago.

Item agreed to.

Water resources division—

316. To provide for a contribution to the cost of constructing a dam on the Conestogo river near Glen Allan, Ontario, for the purposes of flood control and water conservation, in accordance with the terms of an agreement entered into between Canada and the province of Ontario, $1,000,000.

Mr. Purdy: I wonder if the minister could give us some particulars in regard to this agreement. There was $1 million last year on this item and I notice there is $1 million again this year. Is this a revote?

Mr. Lesage: Very little was spent last year and this will be a revote.

Mr. Purdy: Can the minister give us some details of the agreement and the proportion of the contributions?

Mr. Lesage: There was an agreement reached by the province of Ontario and this government about the construction of a dam on the Conestogo river near Glen Allan in Ontario. The agreement was made on September 15, 1953, whereby Canada will contribute 37½ per cent of the estimated cost of $5,400,000 for the construction of this dam and the maximum contribution by Canada will not exceed $2,025,000. Under the provisions of this agreement the province is permitted to make arrangements with the local conservation authority, which in this case is the Grand river conservation commission, to underwrite a portion of the cost of construction. The province intends to enter into an agreement with the Grand river conservation commission whereby the commission will assume 25 per cent of the total cost of construction. Owing to delays in the execution of the agreement between Canada and the province of Ontario, and between the province of Ontario and the Grand river conservation commission, progress on this work has been somewhat less than was originally anticipated. As a result very little was spent last year. That is why our share for the fiscal year 1954-55 is expected to be approximately $1,000,000.

Mr. Pallett: I would like to ask the minister if this project is now under way and, if so, when it is estimated it will be completed.

Mr. Lesage: The work is not yet under way because we only received the plans and specifications from the province on March 8 last and we have studied them. We have asked for more information from the government of Ontario and we expect to receive it soon.

Item agreed to.

Engineering and architectural division—
319. To provide for general investigations by the Northwest Territories power commission of the electric power requirements of settlements and industries in the Northwest Territories and the Yukon Territory, $1,000.

Mr. Trainor: I note on page 391 there is an appropriation amounting to $21,160 for work by the Red river basin investigation commission and it appears that this is not being renewed. May we take it that that means that the work of this commission has been completed? If so, are the recommendations contained in this report to be implemented in the near future? I should also like to know whether this commission has held any public hearings, because I understand that there is some controversy over its findings. I wonder whether any opportunity has been given for the presentation of the opinions of those who did not agree with the findings?

Mr. Lesage: Mr. Chairman, what item are we on?

The Deputy Chairman: Item 319.

Mr. Trainor: The matter has to do with appropriations that are not required for 1954-55.

Mr. Lesage: I came to this department in September, 1953. If my memory serves me right, it was about at that time that the report was received with regard to the Red river. It was handed to the department and to the province of Manitoba, but it was understood that the matter would be referred to the Minister of Public Works so that he could consider what works, if any, would have to be undertaken. With the transfer to the Department of Public Works of the report on the Red river investigation, this department no longer has any jurisdiction over the report.

Mr. Trainor: Mr. Chairman, I do not think that answer is quite good enough for the citizens of Winnipeg.

Mr. Lesage: I think the hon. member could ask his question of the Minister of Public Works.

Mr. Trainor: The citizens of Winnipeg want some assurance that the 1950 flood is not going to be repeated. They want some assurance that measures are being taken to prevent a repetition of that flood.

Item agreed to.

Northern administration and lands branch—
320. Branch administration, $124,626.

Mr. Simmons: As I understand it, this item covers the cost of the Ottawa head office administration of the Yukon and of the Northwest Territories. It is rather difficult to figure out how much of this cost is for the Yukon and how much is for the Northwest Territories. However, there is one point I should like to bring out and that is that this item not only covers the cost of head office administration on federal matters for the two northern territories but also includes the cost of head office administration of the territorial government of the Northwest Territories and it does not include the cost of the territorial head office administration of the Yukon Territory. It seems to me that the reason for this is that the government of the Northwest Territories, on the territorial level, is carried out mostly by federal employees who are paid by the federal government and there is practically no territorial civil service, whereas the government of Yukon Territory, on the territorial level, is carried out by Yukon territorial civil service who are paid by the Yukon territorial government. For instance, this item we are now discussing covers the cost of a considerable staff in Ottawa who perform the clerical and accounting work for the Northwest Territories territorial government. Similar work for the Yukon Territory is done at Whitehorse and in the Yukon Territory by employees on the staff of the Yukon territorial civil service who are paid by the Yukon territorial government from money taken out of the pockets of the residents of the Yukon Territory.

In addition, the federal government pays the school teachers' salaries and the cost of running the schools in the Northwest Territories, except in Yellowknife, whereas in the Yukon the school teachers' salaries and the cost of running the schools are paid by the taxpayers of the Yukon Territory. We have the same thing, I understand, for game protection. Mr. Chairman, I do not wish to complain of these things but I would ask the minister and the hon. members of this committee to bear them in mind when considering the provision of funds for the development of the Yukon Territory.

Canada's north holds the key to this nation's future strength and greatness. Its possibilities are just beginning to be widely understood. There are in all of Canada no more virile people than are to be found there, nor is there a potentially more valuable area.

There are government actions that stimulate and encourage incentive on the part of the individual Canadian. These are measures that show a practical understanding and recognition of the vital importance to the

future of this country of combining the spirit of private enterprise with the wealth of natural resources yet to be developed. If this process is helped along and given freedom to operate properly, Canada can and will attain a level of prosperity never before experienced anywhere in the world.

In the general area of northern British Columbia and the Yukon there is a veritable inland empire "on the make". The foundations of a great northern industrial community are there. Preliminary investigations and surveys have disclosed a wealth and variety of natural resources previously undreamed of. These include many kinds of metals, besides huge reserves of coal, iron ore, asbestos, and other resources, plus an immense potential of hydroelectric power. It takes little imagination to envision the industries of the future, such as smelters and manufacturing establishments, supporting many thousands of people in that part of Canada's northland.

One cannot overlook or fail to mention the vast and stirring project that promises to usher in a new era of development and settlement in that northern part of Canada. Certainly I for one am confident that the production potential of that Yukon-northern British Columbia area, with its wealth of minerals and other resources linked to huge waterpower developments, will prove to be an enormously influential factor in future national budgeting.

I have in mind, of course, the proposal of the Ventures-Frobisher interests to develop in Canada, for the use of Canada in Canada, between 4½ million and 5 million horsepower of hydroelectric energy, generated from the upper waters of the Yukon river watershed and waters in northern British Columbia. I was extremely glad to hear my friend the hon. member for Vancouver-Quadra this evening ask questions of the minister with regard to this matter. The plans of these Canadian concerns include the largest waterpower development ever yet visualized in Canada or in the Americas. Not only will all Yukon river water be available in the Whitehorse area but waters from other watersheds east and west of the main Yukon river can, by planned diversions, be utilized under high heads as well.

The Ventures-Frobisher interests have been carrying on field surveys and investigations for well over a year, and these are continuing. Over a quarter of a million dollars have already been expended to date on these preliminary steps. Ample information will thus be available to the provincial and federal governments concerned when the moment arrives for the issue of necessary preliminary licences to proceed with development.

[Mr. Simmons.]

The advantages and stimulation that will be provided to local mines by the establishment of smelters and metallurgical plants in the north are quite obvious. The plants will be built to accommodate everyone. In addition to local ores, raw ores will be brought in from various parts of the world for processing in Canadian metallurgical plants, which is a wonderful conception from the Canadian standpoint.

I understand that the Ventures-Frobisher interests through their subsidiary company, Quebec Metallurgical Industries Limited, have already begun their 1954 survey program and that this program includes detailed surveys for design of initial power plants, so that by fall it will be possible to begin actual preliminary construction work. However, some form of preliminary licence is required before any actual construction could be permitted.

The construction of power plants, producing between 4½ million and 5 million horsepower, with industrial plants to use this power in the Taku river area of British Columbia, will without doubt have a tremendously favourable impact on Canada's export trade. Even with a conservative estimate of a million tons of ore annually being treated in the plants, the volume of business that results will be tremendous and will mean purchases of Canadian mineral products running into the hundreds of millions of dollars a year.

The extent of the contribution which the northland can make to the growth and strength of all Canada staggers the imagination. But that development must rest on the firm base of individual freedom and private enterprise plus government encouragement and alertness to the special needs of the north. The northland's future will come to full flowering through the triumph of the human spirit, struggling with and winning over the tough challenges of nature, unhampered and undismayed by any restrictive practices.

Mr. Macdonnell: With respect to the organization of the department, I see that we have item 320, branch administration, and then I turn over the page and find item 323, operation and maintenance, item 325, also operation and maintenance, and item 327, another item for operation and maintenance. Does that indicate that there are four different branches? Will the minister indicate the organization?

Mr. Lesage: This is the northern administration and lands branch. There is the northern division and the lands division. Item 323 is operation and maintenance for the Northwest Territories. Item 325 is

operation and maintenance of forest conservation and wildlife management in the north. Item 327 is operation and maintenance in the Yukon Territory.

Mr. Macdonnell: These are all separate organizations, separate branches?

Mr. Lesage: Separate functions, not separate organizations.

Item agreed to.

Mr. Harris: Would you rise and report progress, Mr. Chairman?

Progress reported.

ST. LAWRENCE SEAWAY

PASSAGE OF BILL BY HOUSE OF REPRESENTATIVES AUTHORIZING UNITED STATES PARTICIPATION

Right Hon. L. S. St. Laurent (Prime Minister): Mr. Speaker, if I may have the unanimous consent of the house to revert to motions, I should like to make a short statement about the St. Lawrence seaway project.

Mr. Speaker: Has the Prime Minister leave of the house?

Some hon. Members: Agreed.

Mr. St. Laurent: According to press reports, which have been confirmed to us by the embassy in Washington the Wiley bill which would provide for the establishment of a United States authority to participate in the St. Lawrence seaway project, was passed today by the United States House of Representatives and our own newspapermen in the press gallery have been anxious to have some statement about it from the Minister of Transport (Mr. Chevrier) or from me and have been told that any statement should first be made here in the house.

It is my understanding, Mr. Speaker, that the legislative processes in the United States are such that several steps yet remain to be taken before this bill becomes law.

As hon. members well know, the governments of Canada and the United States have for several decades now made every effort to get the St. Lawrence seaway and power project under way. In the past, several agreements have been negotiated by representatives of both countries, but for one reason or another difficulties have cropped up which prevented these agreements from being brought to fruition.

In view of these perennial difficulties and of the very urgent need for additional hydroelectric power in the province of Ontario, the Canadian government, in 1951, undertook to construct, maintain and operate an uninterrupted deep waterway between lake Erie and the port of Montreal provided arrangements were made for the concurrent development of the power project in the international section of the St. Lawrence river by fully qualified and authorized agencies of Canada and the United States. It was after this undertaking was made by the Canadian government that the governments of Canada and the United States submitted joint applications to the international joint commission for the development of the international rapids power project. This application was considered and approved by the international joint commission, and the Ontario Hydro Electric Power Commission and the New York state power authority have been designated by the Canadian and United States governments respectively to do this work.

The undertaking of the Canadian government, in 1951, to construct the whole seaway was given parliamentary sanction when the St. Lawrence Seaway Authority Act was passed. The government's position has not changed since then and we are still prepared to undertake alone the construction of the seaway. However, as I stated in my memorandum of January 9, 1953, to the ambassador of the United States in Canada, the government was and it still is willing to discuss any specific proposal the United States government might wish to put forward once an entity is designated and authorized to proceed with construction of the United States share of the power works and provided that such discussions do not delay either the power or the seaway project.

Hon. George A. Drew (Leader of the Opposition): I am certain, Mr. Speaker, that every hon. member in this house will welcome the decision of the United States House of Representatives today, not only as an indication of the possibility of an early decision in regard to this long-standing question but also as evidence of an understanding of the importance of this as a mutual undertaking between two nations whose friendship today is an example to the whole world. It does seem to me there has been some misunderstanding both in Canada and in the United States, in regard to what is proposed in connection with the navigation canals on the St. Lawrence.

On a number of occasions discussion of this subject has arisen and has created the impression that an entirely new venture is contemplated in the arrangement for a 27-foot depth of the canals on the St. Lawrence. As we consider this subject and express our hope of success, may I point out there is nothing new whatever in this scheme. On the contrary, this is a very old question. The St. Lawrence canals are old canals. They have

been there for 100 years. They are part of a canal system connecting the ocean with the head of the lakes. In the past there have been canals in the St. Lawrence, across the Niagara peninsula and at Sault Ste. Marie. With the constant dredging of the St. Lawrence river, in the past we have been able to maintain an even depth for all navigation right to the head of the lakes.

In more recent years there has been great construction at different times in what is known as the Welland canal; there has been a deepening of the canals at the Soo, and there has been a deepening of the river depth in the St. Clair river; but we are long years behind in bringing the St. Lawrence up to the standard of the whole system that was established 100 years ago. If this project goes ahead, as I hope it now will, we will simply be bringing to a uniform pattern a navigation system stretching from the Atlantic ocean to the head of the lakes, which, at all times, should be regarded as an integrated navigation scheme. Perhaps it would remove some of the resistance that has from time to time been raised against this undertaking if that thought were borne in mind.

So far as this navigation project is concerned, the importance of it is that it has become associated so closely with the power development. The Prime Minister (Mr. St. Laurent) has indicated that the government of Canada has expressed its support of the program for the development of the power. The development of these power sites on the St. Lawrence is now long overdue. I would point out that it is not only the government of Canada that has been dealing with this subject. In 1946 the government of Ontario entered into negotiations with the government of the state of New York, both governments recognizing it was possible for them to construct joint power plants along the St. Lawrence.

The problem that arose, however, was the necessity for obtaining permission to use water that was part of an international system of navigation. It is only for that reason there has been any delay in the construction of power sites on the St. Lawrence. As hon. members know, I am able to speak on this subject with a personal knowledge of what took place. The government of Ontario and the government of the state of New York were ready to proceed with the construction of these tremendously important power plants on the St. Lawrence in 1946. The use of the water for navigation has constantly presented a problem. It is important we bear that in mind. I think, therefore, it is important that the government of Canada not only welcome what is now taking place, but indicate and express the hope, which in fact has been expressed by the Prime Minister tonight, that these proceedings will move forward rapidly to a conclusion.

I believe there is another reason why we should hope the power development, which is so important to Ontario, as it is to New York, Canada and the United States as well, should proceed as rapidly as possible and also that this development take place as a joint development. These two nations stand today as a unique example of the way nations, with an intense pride in their own authority and their own strength, can co-operate for their common good. Surely, at this particular time, with all the uncertainty and all the antagonism that is being developed in other parts of the world, it would be a very happy augury for the future if these two nations were to develop joint power production on the river which, shall we say, does not divide them but keeps them together. May it be shown also that we have found the way in which, to our mutual advantage, we can use that waterway for the carriage of important trade to the inland waters of this continent. I believe that, for us and for the world, that would be a bright and shining example of the kind of international co-operation out of which will grow real hope and peace.

Mr. Stanley Knowles (Winnipeg North Centre): I wonder, Mr. Speaker, whether I might ask the Prime Minister (Mr. St. Laurent) a question? Before I do so, I would like to say that throughout this house generally members will welcome the statement the Prime Minister has made tonight. We also welcome the fact that he has made it here in the house at the earliest opportunity. I feel, too, that members generally will support the position taken by the government that, if necessary, Canada is still prepared to go it alone, but that Canada is equally prepared to enter with the United States into a joint development of the seaway project.

My question is this. Is the Prime Minister in a position to say whether the possibility of a joint project, as a result of the passing of the bill in Washington, is likely to alter the time schedule? Will it make any change in the time that the undertaking of the seaway project can begin?

Mr. St. Laurent: Well, Mr. Speaker, it is not always easy to try to peer into the future. I see no reason to believe it would in any way lengthen or delay the time when an

effective start could be made. On the contrary, it seems to me that this expression from the House of Representatives in the United States, that there is a substantial majority that approves the carrying out of the project, will be a help in the removal of any further obstacles that the opponents of the project might try to put in the way.

Mr. Knowles: Does the Prime Minister feel that on a joint basis it might get started even sooner than if Canada were to go it alone?

Mr. St. Laurent: No, I did not say that. What I meant to say was that there were still some things that have to be done in the United States. As the Leader of the Opposition has indicated, it is necessary, in order to have this kind of seaway, that there be a dam extending from one shore to the other and that that dam be built by the authorities that have been authorized by the respective governments. With respect to one of these authorities, that of the United States, though it has obtained a licence from the federal power commission, it is a licence that has not yet got beyond the period when it can be questioned in the courts. I understand that a writ of certiorari respecting it can still be applied for up to May 19, and that if it is applied for it may take some little time to dispose of. It is hoped it could be disposed of before the supreme court adjourns for the summer vacation.

Now, as soon as the United States authority is in the position to go ahead—and, as the Leader of the Opposition (Mr. Drew) knows, it has been its desire to go ahead since 1946—we know here that the Ontario power commission is disposed to go ahead. And we know that as soon as the dam can be started, if no arrangement is arrived at that would not delay the construction of the seaway, this government would be in a position to go ahead itself on the Canadian side and provide the canal required. That is the situation.

I think that this vote, following the majority vote that had already been registered in the Senate on another bill that is somewhat different but is generally along the same lines, does indicate that there now is a majority of the representatives of the American people who want this thing dealt with at this time, and who want it dealt with as a joint undertaking.

Mr. Solon E. Low (Peace River): Mr. Speaker, I should like to take a moment to join with the Leader of the Opposition (Mr. Drew) in expressing gratification in respect of the bill passed under which the United States has indicated that it will join with Canada in the building of the St. Lawrence waterway.

When I say that, I realize there may be some parts of Canada which will not feel that they would receive the same benefits from the building of this great project as will be received by Ontario. Even so, I am convinced that the sooner this project can be built, the sooner will Canada realize the fulfilment of a very great undertaking. I think it is in the interests of our great country that this project be proceeded with and completed as soon as possible.

But let me say while I am on my feet that I hope the program will be completed with the greatest possible expedition, and furthermore that in the process of building the seaway we buy just as much of the equipment as we possibly can from Great Britain, because I understand that they are prepared to fabricate the great head gates, and all that sort of thing. I believe it would be to our advantage to see that Great Britain is given every possible order that we can give them for supplies.

BUSINESS OF THE HOUSE

Mr. Harris: Tomorrow we will go on with fisheries, rather than northern affairs, to be followed by agriculture.

It being five minutes after ten o'clock the house adjourned, without question put, pursuant to standing order.

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

DEPARTMENT OF NORTHERN AFFAIRS AND NATIONAL RESOURCES

National parks branch—
National parks and historic sites services—

304. Administration, operation and maintenance, $4,397,820.

305. Construction or acquisition of buildings, works, land and new equipment, $3,640,735.

306. Grant to the Jack Miner migratory bird foundation, $5,000.

307. Grant in aid of the development of the international peace garden in Manitoba, $10,000.

308. National battlefield commission—to provide for special works at national battlefields park, Quebec, $6,000.

Canadian wildlife service—

309. Wildlife resources conservation and development, including administration of the Migratory Birds Convention Act, $437,271.

310. National museum of Canada, $305,681.

Engineering and water resources branch—

311. Branch administration, $63,156.

Water resources division—

Water resources division (including federal share of expenses of the Lake of the Woods control board)—

312. Administration, operation and maintenance, including grant of $350 to the international executive council, world power conference, $669,597.

313. Construction or acquisition of buildings, works, land and new equipment, $91,500.

315. Fraser river—50 per cent of the cost of investigations to be carried out by the "dominion-provincial board Fraser river basin" (formerly under Department of Public Works), $165,000.

316. To provide for a contribution to the cost of constructing a dam on the Conestogo river near Glen Allan, Ontario, for the purposes of flood control and water conservation, in accordance with the terms of an agreement entered into between Canada and the province of Ontario, $1,000,000.

Engineering and architectural division—

317. Administration, operation and maintenance, $438,868.

318. To provide, subject to allocation by treasury board, for the design and planning of deferrable projects, the acquisition of sites and the initiation of construction, $100,000.

319. To provide for general investigations by the Northwest Territories power commission of the electric power requirements of settlements and industries in the Northwest Territories and the Yukon Territory, $1,000.

Northern administration and lands branch—

320. Branch administration, $124,626.

END OF VOLUME IV